

# Mr Nkomo returns to a hero's welcome

Mr Joshua Nkomo, co-leader of the Patriotic Front, emphasized the need for peace and reconciliation when he returned yesterday to Southern Rhodesia after more than three years in exile. He was given a tumultuous reception at a rally in the black township of Highfield, near Salisbury.

## Call for reconciliation between rival groups

From Nicholas Ashford Salisbury, Jan 13

Mr Joshua Nkomo, co-leader of the Patriotic Front guerrilla organization and president of the Zimbabwe African People's Union (Zapu), returned to Salisbury today after more than three years in exile, to a hero's welcome from his supporters. At a large and emotional welcoming rally at the black township of Highfield, near Salisbury, Mr Nkomo called for peace and reconciliation between the groups who had been fighting one another during the past seven years of bush warfare.

It was a theme which he also emphasized during an airport press conference, excerpts of which were seen on television tonight by the nation's 250,000 white minority who have held Mr Nkomo responsible for the shooting down of two Air Rhodesia civil aircraft within the last 18 months. Mr Nkomo also told his supporters of the need for unity and made it clear that he intended to contest next month's election under the banner of the Patriotic Front and not Zapu, even though Zapu's partner in the Front, the Zimbabwe African National Union (Zanu), headed by Mr Robert Mugabe, has said it will fight the election separately.

The Zapu leader called on Britain to enlarge the Commonwealth peace monitoring force from 1,200 men to more than

5,000 to prevent confrontation between the security forces and Patriotic Front guerrillas during the ceasefire. He also unreservedly condemned the killing of seven of his Zimbabwe People's Revolutionary Army (Zipra) guerrillas by the security forces last Thursday and called on Britain and Lord Soames, the Governor, to ensure that similar incidents were avoided. Mr Nkomo arrived in Salisbury three hours late because the Zambia Airways jet in which he was travelling developed mechanical problems. He was accompanied by senior Zanu officials, including Mr Joshua Chimpena, the vice-president, and by about 50 young men and girls, dressed in the party colours of red, green and yellow, described as "refugees" who had been living in camps in Zambia.

For security reasons only a handful of top Zanu officials were at the airport to greet him together with several members of Zanu's central committee, who had flown in from Maputo an hour earlier on the first scheduled flight to Salisbury by the Mozambique airline. Police, some armed with rifles and others with batons and shields, ringed the airport and only passengers and journalists were allowed in the terminal building.

Immediately after his arrival, Mr Nkomo was taken to the Highfield rally in a Puma helicopter belonging to the moni-



Mr Nkomo arriving to address the Zapu rally at the black township of Highfield.

toring force—a move which was condemned by Bishop Abel Muzorewa, leader of the United African National Council (UANC), who said the force should not make such facilities available to any party for a political purpose. The crowd at the Zimbabwe Grounds was estimated at between 100,000 and 150,000, more than twice as many as at last week's rally addressed by Bishop Muzorewa. Zapu officials said that the figure would have been even greater if restrictions had not been placed on the number of trains and buses the party was able to use to transport supporters.

Mr Nkomo, who showed he had lost none of his oratorical skills during his exile, was loudly applauded when he told the crowd that the Patriotic

Front had been created for the people of Zimbabwe as a whole and that they were marching to independence under the Patriotic Front's banner.

At his airport press conference, Mr Nkomo called on all Rhodesians to "crush racism" and in particular asked blacks to "crush sectionalism and tribalism."

He called on all forces, no matter who they were, to "say that the war is over. That there is a ceasefire and the ceasefire must be turned to peace. It is not just a ceasefire for a period which is then allowed to erupt. It must be a ceasefire that ends in independence, peace and tranquility."

Mr Nkomo was clearly disturbed by last Thursday's shooting incident near Lupatse, not simply because his men were the victims but because he

feared that this could lead to a steady erosion of the ceasefire. As he understood the Lancaster House agreement, he said, both the Rhodesian forces and the guerrillas should remain in their designated bases or assembly areas.

In his view it was the role of the monitoring force to ensure that they stayed there and were not allowed to confront each other. This was why he was now calling for the "lamentably small" Commonwealth force to be enlarged.

He hoped that Britain would heed the international community's criticism of its handling of the situation. However, he avoided making any outright condemnation of Britain, or Lord Soames, with whom he hopes to have talks soon.

Nyerere accusation, page 4

## Mr Brezhnev denies aggressive designs on Iran or Pakistan

From Michael Biayon Moscow, Jan 13

President Brezhnev today called the United States an absolutely unreliable partner in international affairs and said the Russians could manage perfectly well without any ties with the Americans.

In a full front-page statement to the party newspaper *Pravda*, he responded to President Carter's news of relations for the Soviet intervention in Afghanistan, by declaring that the American leadership appeared to be prompted by whim, caprice or emotional outbursts.

However, the statement was made more in sorrow than in anger. It was a tough defence of Soviet policies, and a condemnation of what the Soviet leader depicted as the irresponsible policies of the Americans. But at no time did Mr Brezhnev threaten any counter-reaction or accept the idea that Soviet-American relations must now go back into a deep freeze.

He said the national interests or security of the United States and other states were not affected in any way by the events in Afghanistan. "The allegations are also absolutely false that the Soviet Union has some expansionist plans in respect of Pakistan, Iran or other countries of that area."

"The policy and psychology of colonialism is alien to us. We are not coveting the lands or wealth of others. It is the colonialists who are attracted by the smell of oil."

When he turned to Europe—in marked contrast to his sharp words about the United States—Mr Brezhnev said he was optimistic. Much progress had been made in relations with Western Europe in the past decade, and Western Europe needed détente as much as Eastern Europe.

Analysts have already suggested that the Russians might now try to be particularly friendly to Western Europe in an attempt to divide the European members of Nato from the United States.

Mr Brezhnev said that much of a constructive nature could be accomplished in Europe for the good of peace in the near future.

The Soviet leader assured *Pravda* readers that President Carter's actions would not in fact harm the Russians that Washington obviously hoped for. Cynical estimates

about the worsening of the Soviet food situation because of the grain embargo were based on "nonsensical notions about our economic potential".

"In particular, I can assure that the plans of providing the Soviet people with bread and bakery products will not be lessened by a single kilograme," Mr Brezhnev did not say anything about meat.

Such unilateral measures, he went on, were "tantamount to serious miscalculations in politics" and would rebound on their initiators.

Mr Brezhnev did not mince his words in denouncing Washington's policies. The world now believed, he said, that the United States was capable at any moment of violating its international obligations, and cancelling treaties and agreements signed by it. This had a "dangerous destabilizing impact" on the entire international situation. The beginning of the 1980s had marked a noticeable deterioration in this, and the Americans were to blame.

"The blame is on all those who see in the relaxation of tension an abstract, to their aggressive plans, to whipping up militaristic psychosis, to interference in the internal affairs of other peoples."

"The blame is on those who have a deeply ingrained habit of behaving in a cavalier manner with other states, of acting in the international arena in a way as though everything is permitted them."

Mr Brezhnev said that the Salt 2 treaty would have opened the way to big steps in the field of disarmament. It was supported by all the world, including America's Nato allies.

"What did the Carter Administration do with it? Hardly was the treaty signed when people in the United States began discrediting it. As to the process of ratification, the opponents of the treaty—not without the connivance of government circles in the United States—actually began using it to complicate the treaty's ratification to the utmost."

America was using Afghanistan as a pretext to aggravate the situation in the world, he continued. It was not the real cause of the present difficulties, and if there was no Afghanistan, America would have found another pretext.

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## 'Green giant' faces a fight on banks of the Thames

By Frances Gibb

Henry Moore, OM, CH, the sculptor, has joined the fight by conservation groups against a 500ft high tower block of flats, offices and exhibition space planned at a cost of £40m for the south bank of the Thames at the end of Vauxhall Bridge opposite the Tate Gallery.

Mr Moore makes a scathing attack on the block in written evidence to an inquiry which reopens tomorrow. European Ferries, the property and shipping company, owns the site.

Mr Moore criticizes the suggestion that the Tate should use the exhibition space at the base of the building, which it has been offered at a peppercorn rent, to house the Turner bequest.

The proposal to house the Turner gallery in the big toe of the green giant (the building is to be made of tinted glass) is an insult to one of England's greatest artists, Mr Moore says. He is a member of the Turner Society, which is fighting for a gallery to house the bequest.

The Tate has not said whether it will accept the offer of the exhibition space, valued at £3m, but the society fears that it will.

The inquiry, being held by the Department of the Environment, reopens at Brixton Town Hall for its final four days.

Backing the Turner Society are various other groups, including the River Thames Society, the Westminster Society and the Friends of Chelsea, which has among its members Sir John Betjeman and Yehudi Menuhin.

Lady Wynne-Jones, joint chairman of the Friends of Chelsea, says the building "will dwarf Parliament, Lambeth Palace and Big Ben into virtual insignificance."

Every other historic city centre, such as Paris, Madrid, Rome and Leningrad, had been proclaimed conservation areas. Her group was pressing for the five miles of the Thames running through the centre of London to be preserved.

The proposed building would also destroy social amenities, she says. Other city river banks were used for hospitals, walks, restaurants and housing. "That this twentieth century eyesore should become a national landmark in historic Westminster and Chelsea is a most outrageous act of vandalism."

Mr Keith Wickenden, Conservative MP for Dorking and executive chairman of European Ferries, says that the building's design, by Abbot Howard, the architect, had been warmly praised by Sir Peter Shepherd, the leading architect, who had said it would be one of the most distinguished high-rise buildings in London.

It is proposed to build 100,000 sq ft of flats and 370,000 sq ft of offices, with the exhibition space occupying the equivalent of the first two to three floors, Mr Wickenden said.

It would not spoil the look of the south bank, which he said, could hardly look any worse than it does.

"I feel that it is a good-looking building and anyone who has actually seen the model has come away quite enthusiastic."

## Railwaymen name price for higher productivity

By David Felton Labour Reporter

Union leaders are to meet the British Railways Board today to discuss their proposals for a "railwaymen's charter" involving £300m, the price the unions have set on cooperating with wide-ranging productivity plans.

The charter includes claims for a shorter working week, increased holidays and improvements in basic rates of pay.

Mr Sidney Weighell, general secretary of the National Union of Railwaysmen, said last night: "We are hoping that we can make some progress on our submission. If this is possible, we have said that we are prepared to look at everything and anything that the board would like to do to increase productivity."

The unions have some sympathy with British Rail's financial position. Its cash limits have been reduced from £730m this financial year to £715m because of public spending cuts, and it was warned up at the beginning of the month.

At the end of last week a senior finance official met the NUR executive committee to explain the extent of the financial difficulties.

The NUR, however, in return for a productivity deal, wants a significant improvement in railwaymen's pay and working conditions so that people can be attracted to the industry. There are 12,000 vacancies.

National pay negotiations are due to begin soon. The annual agreement is due for settlement in April, but the union seems reluctant to submit a claim immediately.

Developments in the steel dispute and the power workers' and postmen's pay negotiations will be carefully monitored before a final claim is formulated.

The unions are likely to use the miners' pay settlement as a guideline and submit a claim of 20 per cent or more. In a move to head off an immediate confrontation, British Rail has agreed to the consolidation into six areas of a £2 supplement which had been agreed at the Railway Staffs National Tribunal.

Although the supplement will not be consolidated until March, payments will be backdated to January 1.

## IRA bomb dump discovered

IRA bombs weighing a total of 700lb were discovered on Sunday just south of the border near Dundalk, Co. Louth. The discovery, announced yesterday, is one of the security force's biggest hauls. Mortars, explosives packed in 20 drums, detonators and 200 devices were also found in the deserted farmhouse. Constitutional conference

## Talks at Acas raise steel strike hopes

As the national steel strike is about to enter its third week there is cautious optimism that talks this week between the unions and the Advisory, Conciliation and Arbitration Service might produce a framework for the reopening of negotiations for the 90,000 striking members of the Iron and Steel Trades Confederation are putting strong pressure on their

leaders to widen the dispute, but Mr William Sims, the ISTC general secretary, is reluctant to bring out his 15,000 members employed in the private sector, as the union is not in dispute with those employers.

A possible union strategy is to lift the blockade on steel imports to put extra pressure on the British Steel Corporation, which would see its markets being eaten away by competitors.

## Israel's envoy to Egypt named

Dr Eliahu Ben Elissar, the director-general of the Prime Minister's Office, has been named as Israel's first Ambassador to Egypt. He has taken part in the peace negotiations and had the Cairo "hot line" connected to his office.

## Burgess and M15 in Blunt plot

Professor Anthony Blunt tried to persuade M15 to recruit Guy Burgess during the last war. At the time, M15 followed new membership and Fleming, but Burgess's outlandish reputation had preceded him and it was Mr Guy Liddell who scotched Professor Blunt's attempts to have him recruited into the organization.

## Tito operation successful

President Tito, aged 87, was making a good recovery after an operation to clear a blockage in an artery in his left leg. But the President's illness is causing anxiety to Yugoslavs worried by Russia's designs on their country.

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Letters: On a third London airport, from Lord Beaumont of Wharfedale; on Civil Aviation Authority, from Sir William Hayter; on the 1981 Census, from Mr Robert M. White.  
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Motor racing: Alan Jones wins Argentine Grand Prix; Tennis: Jimmy Connors wins Wimbledon; Rugby Union: Did chosen as an England replacement; Edinburgh win Scottish districts' title; Sports Council: Jeeps mission; Squash rackets: England retain home championships.

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## 'They shoot Russians' a wounded young paratrooper said with incredulity Soviet convoy ambushed in icy Salang Pass

From Robert Fisk Salang, Afghanistan, Jan 13

We were half-way up the Salang Pass, 80 miles from Kabul, when our car skidded on the ice and a young paratrooper from the Soviet 105th Parachute Division ran down the road waving his automatic rifle at us and shouting in Russian.

He had been wounded in the right hand and blood was seeping from the neat round bullet-hole through his makeshift bandage and staining the sleeve of his battle dress.

He was only a teenager, with fair hair and blue eyes and a face that showed apprehension.

He had clearly never been under fire before.

Beside us a Soviet Army transport lorry, its rear section blown to pieces by a mine, lay up-ended in a ditch. The Russians had been ambushed in the Salang Pass. There were two tracked armoured personnel carriers just up the road, and a Russian paratrooper captain ran down towards us to join his colleagues.

"Who are you?" he asked in heavily accented English. He was dark-haired and tired, dressed in a crumpled paratrooper tunic and with a hammer and sickle brace buckle on his belt.

We told them we were correspondents, but the younger soldier was too absorbed with the pain from his wound. He relaxed sufficiently to reappear the safety-catch on his rifle, then lifted up his hand for our inspection. He raised it with difficulty and pointed to a snow-covered mountain peak above us where a Russian military helicopter was circling slowly.

They shoot Russians, he said. The fact seemed to have produced in him only incredulity. Just how many Russians the Hindu gods have shot in the Salang Pass no one knows, although a villager one mile further south insisted with undisguised relish that his compatriots had killed hundreds of Soviet troops.

They have certainly blown up mountain bridges in the past, and for almost 24 hours last of a Soviet convoy was marooned in the snow at an altitude of more than 7,000ft on its way south to Kabul from the Soviet frontier.

The bridges have now been repaired temporarily by Russian engineers, and we watched as the trapped convoy made its way down from the mountains, slithering on the slush and

Continued on page 4, col 7

## Labour Party told that it should reveal extent of Trotskyist infiltration

By Michael Hatfield Political Reporter

Lord Underhill, former national agent of the Labour Party, yesterday indicated that he might publish his own widely-circulated document into the party if Labour's left-dominated national executive committee maintained its refusal to publish the detailed documentation he presented in 1977.

His requests for publication came at a time when *The Times* has received further and more up-to-date information on the activities of the "Militant Tendency", a clandestine Trotskyist organization, with its own full-time staff, whose aim are to penetrate the Labour Party.

The document, circulated among its supporters in October 1978, outlines its strategy, and sets out proposals on how to organize public meetings as part of its recruiting campaign. Without actually mentioning its paper, *Militant*, it states that the circulation is about 8,000, that there is a clear indication that not all of its sales workforce is returning the money to headquarters. Due to what it calls "lack of accounting" by some sellers the organization claimed to be losing £240 a week, or £12,000 a year.

Great store is set on the paper. The document states: "The paper is the most important armory we have for use in the labour movement."

"The responsibility is on each and every comrade to build the revolutionary party and the paper is the main tool in this work."

How far the tendency has penetrated the constituency parties, the Trotskyists already have a strong hold on the Young Socialists—is difficult to gauge, but Lord Underhill doubts that as many as 60 parties may be affected. He believes that they may have control of a small number, but he said in a BBC Radio World This Weekend interview yesterday that he believed that 50 to 60 constituencies may have a



Lord Underhill: Evidence of extended influence.

number of people trying to build up influence.

The document in the hands of *The Times* details the activities of the branches in the South-East Midlands. It reports: "The morale of most comrades is good and a confident mood exists within the tendency."

Much of the document is heavily theoretical, including bitter criticism of the Socialist Workers Party, a rival revolutionary organization, but this is part and parcel of the constant tribal warfare between the different tendencies. But in doing so, the Militant Tendency stakes out its own claims.

It states, for example, that "it is our tendency alone that has understood the loyalty that British workers instinctively have towards the Labour Party and that it is a movement of the class into it that will re-transform it."

"Far from workers moving outside and against the Labour Party, history teaches us differently. Workers will not simply abandon their organizations. They will test and re-test them. This process is taking place before the eyes of the sects (rival Trotskyist groups) only they are too blind to see it."

"With a Labour victory it will continue on a higher level. The right wing are being and have been tested. Left reformism and centrism have to be seen in action for what they are."

"The character and tradition of the British workers is to loyally stay with them until all possibilities have been tried. The document adds: "Genuine rank and file bodies will inevitably develop. Conferences, demonstrations, campaigns and strikes will be called by them. Marxists must insure these and where necessary call for such action."

On its public meeting recruiting campaign, the document states: "It is however, after the meeting itself that some of the most important work with sympathizers is achieved. It needs to be a rule that each supporter is allocated to a sympathizer."

When Lord Underhill was asked in his interview whether the militant group had succeeded in getting six MPs into Parliament, as it set out to do some years ago, he said he did not think so.

Asked if they had succeeded in getting one MP, Lord Underhill commented: "That I would not know. There may be people who express various views but I would not know whether or not they are actually linked up to the Militant Tendency or not. I could not comment upon that."

When asked whether the infiltration had got worse since the completion of his 1977 report, Lord Underhill said: "There is sufficient evidence—I would rather not use the word worse—that they have extended their influence, carrying out their objective, which is to get what they call trained cadres in as many units of the Labour Party as they can. In some cases, it may mean a very few constituency parties where they have actually got controlling influence. In other constituencies they have got members there who endeavour to influence their organization."

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## HOME NEWS

## Cautious optimism as steel union leaders prepare for talks with arbitration service

By David Felton  
Labour Reporter

A series of meetings over the next three days will decide the direction of the national steel strike, which is about to enter its third week.

There is some cautious optimism that talks between the unions and the Advisory, Conciliation and Arbitration Service (Acas) may produce a framework for a reopening of negotiations, although it is unlikely that any important advance will be made in the immediate future.

Mr William Sims, general secretary of the Iron and Steel Trade Confederation, and Mr Hector Smith, leader of the National Union of Blastfurnacemen, are this afternoon meeting Mr James Mortimer, chairman of Acas, to set out their views on the strike.

Mr Mortimer has already met Sir Charles Villiers, chairman of the British Steel Corpora-

tion, and officials of the Transport and General Workers' Union and the General and Municipal Workers' Union. Mr Sims is coming under strong pressure from his 50,000 members on strike to widen the dispute, and there is some evidence that the ISTC leadership is having difficulty controlling the members, who are determined to make the strike as effective as possible.

Delegates representing the 15,000 ISTC members employed in the private sector steel companies are due to meet Mr Sims and other union officials tomorrow, when there will be moves to halt the private companies.

However, it is known that Mr Sims is reluctant to bring out his members in the private companies because he argues that the union has no dispute with the companies, as pay talks are still proceeding.

An ISTC executive meeting on Wednesday will discuss

future strategy for the strike and one possibility is a refusal to sanction a strike in the private sector and the lifting of the import blockade to put extra pressure on the BSC, which would see its markets being eaten away by competitors.

There is some scepticism in union circles about Mr Sims' statements in the North-east on Friday that his members were now talking about refusing to return to work for less than a 20 per cent offer. It was said last night that that was a reaction to the strong emotions surrounding the strike, and that the 13 per cent TUC-inspired compromise was still regarded as the basis for any future talks.

On the BBC 1 Panorama television programme tonight Mr Sims is to discuss the strike with Mr Robert Scholey, the BSC deputy chairman and chief executive.

## Pickets aim to freeze supplies

By Nicholas Timmins

Secondary picketing in the steel dispute is likely to be stepped up this week as the steel workers increasingly leave only token pickets on the British Steel Corporation's plants and focus their attention on freezing steel movements generally.

Attitudes have clearly hardened, and strike committees report pickets volunteering for duty in increasing numbers. With the Government refusing to intervene, there is a feeling that many more are now prepared to take part.

Picketing of stockholders in particular is likely to increase, with the steelworkers aiming for the Channel ports later in the week, after their success in halting steel movements on the east coast.

The Scunthorpe strike centre says it sent out more than 1,000 pickets on one day last week, and stockholders at Gainsborough and Lincoln have been added to the targets. Corby pickets will return to Metal Box, in Leicester, stockholders in Coventry and Melton Mowbray, as well as to Rochester docks, in Kent.

A 50-strong picket is planned at a BSC stockholder in Grantham today. Mr Michael Skelton, the Iron and Steel Trades Confederation strike coordinator, said at Corby yesterday that pickets were volunteering thick and fast. About 2,000 had now volunteered, including some who had previously crossed picket lines.

The more people are abused by the management, the more adamant they are that they are not going to give in," he said.

In Consett, co Durham Mr John Lee, the ISTC strike coordinator, said the number of pickets was growing steadily. Change in tactics was being suggested in Scotland, where the unions aim to prevent any steel leaving independent suppliers (our Glasgow correspondent reports).

Mr John Davidson, director of the CBI in Scotland, said the change of tactics was short-sighted and 70 per cent of many factories in Scotland required steel "which means that one person in every three of the Scottish working population depends on steel for a job".

But Mr Arthur Bell, Scottish secretary of ISTC, said: "If we want the strike to bite, we have to prevent those on the perimeter from operating. It is the stockholders who are presenting us with great problems, for the amount they have in stock is fantastic."

## Stockholders hope for less severe picketing

By Peter Hill  
Industrial Editor

Britain's steel stockholders, who handle about 40 per cent of steel deliveries, hope that picketing of their operations by the iron and steel workers will be moderated soon.

Their hope is based on correspondence between the National Association of Steel Stockholders and Mr William Sims, general secretary of the Iron and Steel Trades Confederation.

The association, whose 264 members represent the link between producers and consumers of steel, warned the stockholders at the beginning of the strike that disruption of deliveries from stockholders would only reduce the volume of orders which they would be able to place with the British Steel Corporation when the strike ends.

Mr Sims has told the association that it was not the intention of his union to interfere with stockholders or producers who were not involving their companies in the dispute or seeking to defeat the steel unions' action.

But the confederation leadership is having difficulty in restraining the activities of local strike committees. Several of them believe supplies from stockholders and private sector steelmakers will have to be blocked if the strike is to have any real impact.

Whitehall reckons that indus-

try has sufficient steel in stock to maintain production for at least three weeks. But the factor is stocks imbalance, where it may not be possible to replace a particular type of steel in short supply.

The industry's main worry this week is the possibility of a private sector steelmaker being called out in support of the strike by their colleagues employed by British Steel. The confederation will discuss at a meeting tomorrow whether that step should be taken.

Widening of the dispute in that way would be a significant move.

Some private companies have become targets of picketing although they are assured that they were not to be picketed since they were not dispute with the unions they would not suffer as long as they did not seek to increase production to make good any shortfalls arising from the British Steel shutdown.

British Steel executives prepared a series of proposals on the finances of the loss-making corporation, early last week. They included writing off £1.2m of the interest burden and increasing the overall capital.

The proposals were prepared on the basis of acceptance of the corporation's redundancy plans. They will have to be revised after a final settlement.

## Welsh miners give leaders power to call a strike

From Tim Jones  
Cardiff

Miners throughout the South Wales coalfield voted yesterday to give their local leaders the power to organize a strike against steel job cutbacks and increases in colliery coal imports.

Faced with that decision the Wales TUC will meet today in Cardiff to decide whether to ignore the British TUC decision to postpone industrial action, and continue with an all-out strike, called for January 21.

National Union of Mineworkers delegates at the conference are expected to push ahead with the strike to go ahead but representatives of the other industrial unions have become more cautious after the decision by the TUC nationalized industries committee in London.

The miners have made clear they will abide by today's Wales TUC meeting but will reserve

the right to act independently if the situation changes.

One of their leaders said yesterday: "If the British Steel Corporation attempts to import coal from abroad, then we will come out instantly. In the meantime we would prefer to follow a lead given by the British TUC so that unions nationally can act in harmony."

"It is likely that we will give the TUC a limit to coordinate industrial action, but if that was not forthcoming we would go it alone."

Those supporting a postponement would point out that the nationalized industries committee threatened "serious industrial consequences" if the BSC did not delay its plant closure plans and hold talks.

The miners fear that if BSC reduces its steel making capacity in Wales by making cuts in twenty pits could close with a loss of more than 14,000 jobs.

## Former minister's diaries indicate antagonism to Mr Callaghan

## Mrs Castle tells of Cabinet wrangles in 1968

By Our Political Correspondent  
Sir Harold Wilson, the former Labour Prime Minister, declined yesterday to comment on present or past antagonism to Mrs Barbara Castle, the former Cabinet minister, who is now leader of the Labour MPs in the European Parliament, about her role in Cabinet over incomes and trade union policy under his premiership in 1968.

Extracts from the diaries are being published by The Sunday Times and the first instalment yesterday clearly indicated her antagonism to Mr James Callaghan, who was Home Secretary at the time and who did not conceal his dislike for her when he took over as Prime Minister from Sir Harold Wilson.

Mrs Castle relates that at a meeting of the Economic Policy (SEP) on December 4, 1968, she argued for stronger import controls and a check on capital outflows which coupled with an imaginative budget, would enable the Government to operate a stringent incomes policy and continue to stimulate productivity.

First and foremost, she said, that would enable the Government to go to a higher growth rate and get a good favourable swing in the balance of payments, which she thought was an urgent priority.

Through all that, Mrs Castle says she could hear Mr Callaghan muttering and at one stage he whispered to another minister: "Do you think we can win the next election?"

Mrs Castle continued: "Suddenly he burst out into a great theme, the practical details of which were less clear than his utterly defeatist psychology."

The whole problem was that we were in a vicious circle and that our problems were insoluble.

He ended up by saying in his best dramatic dispatch box manner: "I think we are heading for defeat at the next election."

"I think Jim Callaghan is the most disloyal and damaging



Mr Callaghan: "Disloyal and damaging." Mr. Roy Jenkins: "Fatal defect of character." Mr. Denis Healey: "Muttering and stabbing." Sir Richard Marsh: "Appalling cynical defeatism."

member of the whole government," Mrs Castle adds.

Some Labour MPs said yesterday that Mrs Castle's comment on Mr Callaghan was predictable and they think there could be more attacks to come when she gets down to the Cabinet in-fighting over the fate of industrial relations legislation based on her White Paper, *In Place of Strife*.

In that dispute Mr Callaghan firmly lined up with the trade unions which opposed the idea of legislation.

Sir Harold Wilson and several other leading members of the party said yesterday that they would not support her when she put the full volume of Mrs Castle's writings before they commented. But Mr Robert Mellish, MP for Bermondsey and Chief Whip in two Labour governments, defended Mr Callaghan.

Mrs Castle released how she discussed with Mr Richard Crossman the "squaring" or "fixing" of certain Cabinet ministers to favour Mrs Castle's plan for legislation. "Later, I rang Walter Rees (then Minister of Technology) about my proposals. He replied cheerfully: 'I'm your friend.'"

But at the left-wing Tribune Group she had a rough time.

The balloon went up, she records. "Sean O'Casey (MP for Salford, West, who was made Minister for Social Services in

about Cabinet disagreements. "Roy Jenkins [Chancellor of the Exchequer] and Harold are supposed to be at each other's throats while Roy and I are quarrelling too. Our relations are reported as being 'raw and bitter'."

"As Terry Pitt [head of the Labour Party research department] pointed out to me, the only person not quoted as quarrelling was me. I am sure that I am a strong indication as to where the story comes from. Frankly, I believe Jim Callaghan is capable of it."

Earlier she had recorded that she would prevent premature leaks about her White Paper. "This means by-passing the Cabinet economic committee, on which there is more than one blatherer," she adds.

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the Callaghan administration) could not see anything but the strengthening of the TUC or of national leadership—or even of the disciplinary powers of shop stewards. Some of our left are just anarchists."

That, coming from one who had earned a reputation as a left-winger, seems rather harsh. Mr O'Casey was not commenting on it yesterday.

Mrs Castle had incisive comments to make about a number of others. The late Anthony Crosland (then President of the Board of Trade) she accuses of softness and says of him and Mr Roy Jenkins: "I believe that as far as practical leadership is concerned, they are both fatal defects of character."

Of Mr Denis Healey (then Minister of Defence) she writes: "He spends a lot of time musing and brooding and stabbing viciously at his blotter. I suspect his resentment against Harold is profound." (She says of Mr (now Sir) Richard Marsh then Minister of Transport: "He doesn't seem to have any feel for socialist ideas at all and he also has an appalling cynical defeatism.")

After a discussion involving the late Lord Mountbatten, Mrs Castle noted: "His aristocratic arrogance irritates me."

David Wood's column, page 13

## Mr Foot to lead Tories' strategy

By George Clark  
Political Correspondent

MPs return to Westminster today after the Christmas recess and the first task will be to discuss the effects of the steel strike spread to other industries and the water workers' threat to a national strike that would have serious consequences for public health.

An outburst is expected from Sir Keith Joseph, Secretary of State for Industry, makes his report on the steel dispute and repeats the Government's firm line that no further aid from Exchequer funds can be expected to ease the steel industry's problems.

Ministers reaffirmed yesterday that the Government will not intervene. The matter is one for the British Steel Corporation and the unions.

Mr James Callaghan, leader of the Opposition, does not intend to visit the United States until tomorrow, so the Labour attack on the Government will be led by Mr Michael Foot, the deputy leader of the party.

Speaking at Southampton on Saturday, Mr Foot said the Government's strategy of so-called non-intervention—no conciliation, ruthless monetarism, an acceptance of industrial decline and an insidious attack on trade union rights—was the most dangerous commitment the country had seen for decades.

"What is happening in the steel industry and the repercussions are going to cost this country lost jobs, lost trade, lost skills—hundreds of millions of pounds poured down the drain," Mr Foot said.

In the Commons Mr John Ryman, Labour MP for Blyth, will try to ask an emergency question about the threatened strike by water workers.

## Bitter struggle among Ulster Unionists

From Christopher Thomas  
Belfast

Ulster's divided unionists are increasing sharply in the volatile political atmosphere surrounding the Government's constitutional conference on power devolution.

The Democratic Unionists, led by the Rev Ian Paisley, are maintaining a concerted propaganda attack on the Official Unionists in the knowledge that success or failure of the political initiative could determine their share in the main voice of the "loyalists".

Mr James Molloyneux, the Official Unionists' leader, is by contrast almost silent as his bitter rivals continue their criticism.

He remains convinced that his decision to boycott the conference will be justified by events.

The Democratic Unionists' war of words was intensified by Mr Peter Robinson, the party's MP for Belfast East, who vigorously followed Mr Paisley's reaction to events. He said the great divide was here. There was still room in the DUP for those who rejected the "fervently anti-Stormont stance" of Mr Molloyneux.

The implication, frequently levelled at the DUP at Mr Molloyneux, is that the Official Unionists are becoming increasingly integrationist.

Mr Molloyneux denies the charge. He said: "If the constitutional conference fails, I shall not grow about it. The important thing is to get on and do what needs to be done."

Mr Thomas Montgomery, aged 46, a Protestant taxi driver, married with four sons, has died in hospital after being struck by a stone-throwing gang in the Ardoyne area of Belfast on Saturday.

## British 'must not settle for comfort', Dr Webster says

By a Staff Reporter

An appeal to the British people not to settle for comfort and self-satisfaction was made in a sermon yesterday by Dr Alan Webster, Dean of St Paul's.

Dr Webster began by quoting from the Bible by the side of the Dean of St Paul's, Dr William Rees-Mogg, Editor of *The Times*, entitled "Bishop Berkeley's Coach". He described the article as a "brilliant analysis of the British attitude to economic affairs and to religion."

"We must agree with Mr Rees-Mogg that we British do

not see our churches or chapels or Quaker meeting houses as our Mayflowers carrying us through the oceans of life, but as a faintly better, he continued. "We are faint-hearted."

Yet we were challenged again and again not to settle for what was comfortable, not to be act faintly but to have faith in the truth that the vision was where God was.

The message of the Bible and the saints is always the same. God is not dead. God is not faint-hearted. God is always ahead, and His light will shine on us if we lift up our eyes."

## Couple die as gate collapses at football ground

By David Nicholson-Lord

An inquest will be opened today on a man and his wife who died when a 10ft wooden exit gate and supporting brick pillar collapsed on spectators after the end of the Middlesbrough - Manchester United league football match on Saturday.

The dead couple were Mr Norman Rowley, aged 51, and his wife Irene, aged 52. They were sitting in the stands at Middlesbrough's Ayres Park ground. One was in hospital yesterday with shoulder and leg injuries.

A crowd of more than 30,000, the highest of the season, had seen the home side draw 1-1.

Spectators said the police appeared to be keeping Man-

chester United supporters back until the rest of the crowd got away.

Yesterday's crowd was well short of the ground's 42,000 capacity.

Mr Charles Amer, chairman of Middlesbrough, said there was no question of hoarding fans involved and he was completely satisfied with police arrangements for controlling supporters.

Under the Safety of Sports Grounds Act, 1975, first division grounds have to possess a safety certificate issued by the local authority. Mr Amer said yesterday that a certificate was being issued by Cleveland County Council.

Wall accident: Four schoolboys were injured when a 5ft wall collapsed at Keighley Rugby League ground yesterday.

## 25 years ago

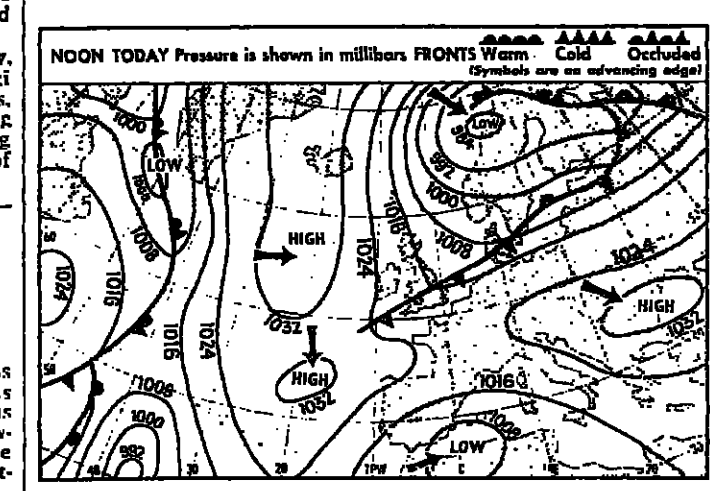
From *The Times* of Thursday, Jan 13, 1955

## Eurovision link

A permanent two-way television link is to be established between London and the Continent, and was announced last night when Sir George Barnes, Director of Television Broadcasting, discussed future plans for the BBC's television service. He said that the successful series of European television programme exchanges dur-

ing 1954 fully justified the replacement of some temporary equipment which had been used in the experimental broadcasts. This was a step towards making such changes a regular feature in the programmes of European television services. The first section of the permanent link consisting of coastal cables between London and St Margaret's Bay would be ready for use before the end of the year. The next section would be a radio link across the English Channel which would take about three years to complete.

## Weather forecast and recordings



Today  
Sun rises: 8.01 am  
Sun sets: 4.18 pm  
Moon rises: 4.12 am  
Moon sets: 1.36 pm

New moon: January 17.  
Lighting up: 4.48 pm to 7.30 am.  
High water: London Bridge, 10.34 am, 10.18 pm, 11.8 pm, 6.2m. Aconmouth, 3.38 am, 10.10 am, 4.07 pm, 10.30 pm, Dover, 7.59 am, 5.6m, 5.39 pm, 5.7m, Hull, 7.20 am, 6.0m, 7.48 am, 8.28 pm, 1.5m.  
Low water: London Bridge, 1.14 am, 1.14 pm, 1.14 pm, 1.14 pm, Dover, 7.59 am, 5.6m, 5.39 pm, 5.7m, Hull, 7.20 am, 6.0m, 7.48 am, 8.28 pm, 1.5m.

A touch of low pressure will move S across England and Wales, a cold N airstream over Scotland and Ireland extending S behind it. Forecast for 6 am to midnight: London, SE, SW and central S England, East Anglia, E Midlands. Sunny periods after early freezing fog, rain and ice stretches on some roads, becoming cloudy, with rain or sleet spreading S, snow on hills, with rain or sleet on hills, moderate or fresh; max temp 4°C (39°F) to 6°C (39°F).

E and central N England, W Midlands, S Wales: Mostly cloudy, rain or drizzle, icy patches on roads at first, snow on higher ground, becoming mostly dry with bright or sunny intervals; max temp 2°C (36°F) to 4°C (39°F).

Outlook for tomorrow and Wednesday: Cold, sunny intervals, with showers, chiefly in E, becoming dry in S with patchy overnight fog and frost; cloudy later in N, with rain or sleet.

Orkney, Shetland: Sleet or snow showers, heavy intervals, moderate or strong; max temp 4°C (39°F) to 6°C (39°F).

Aberdeen, central Highlands, Moray Firth, NE and NW Scotland, Argyll: Sunny intervals, frequent sleet or snow showers, moderate or strong; max temp 4°C (39°F) to 6°C (39°F).

Wales, Lake District, NE and NW England: Sunny intervals, becoming cloudy with rain or sleet; wind variable, light to moderate; max temp 4°C (39°F) to 6°C (39°F).

N Wales, Lake District, NE and NW England: Sunny intervals, becoming cloudy with rain or sleet; wind variable, light to moderate; max temp 4°C (39°F) to 6°C (39°F).

Channel Islands: Sunny periods, becoming cloudy with rain or sleet; wind variable, light to moderate; max temp 4°C (39°F) to 6°C (39°F).

Overseas selling prices: Australia, NZ, India, Ceylon, S. Africa, etc. (List of prices for various commodities like wheat, sugar, etc.)

## 900 Shotton jobs end this week

From R. W. Shakespeare  
Northern Industrial Correspondent

Shotton

For 900 of the 6,400 strikers at the Shotton steelworks, this week brings the end of their careers in the industry. And there is now a growing belief in the Deeside town that, with the battle, iron and steel making will never be resumed at the Shotton plant.

The first 900 workers to go, under the BSC closure plans, were handed their redundancy notices just before Christmas. They take effect on Thursday, with the workers receiving redundancy payments that range from about £4,000 for more than six months' service to more than £20,000, spread over two years, for long serving workers.

One blast furnace and three open hearth furnaces at Shotton have been shut down. The remaining blast furnace and five open hearth furnaces have been damped down since the plant closed for the Christmas and New Year holidays. However, with iron and steel making at Shotton due to end in March, it is probable that if the strike continues beyond the end of this month the shutdown will be completed.

British Steel intend to retain cold rolling at Shotton, with steel coming from Scotland and South Wales. Those operations employ a further 4,200 workers, but the BSC has given a warning that that labour force may also have to be trimmed.

The Shotton area faces unemployment of more than 17 per cent, with alternative job oppor-

tunities extremely scarce. Plans to build a new plant on the site of the steel works site hold out the prospect of only 1,000 new jobs.

For skilled men in the craft trades there are jobs to be had in the near by Merseyside areas, but for unskilled workers the outlook is poor.

Unemployment throughout Merseyside averages about 13 per cent and is 30 per cent in some of the black spots. A recent survey by the Merseyside Development Office showed that more than 200 workers compete for every unskilled job.

At the Shotton plant British Steel and the Manpower Services Commission have opened a joint job consultancy and advisory service. So far about 2,000 workers due for redundancy have been interviewed.

Mr Blair Peach, who believes there should be a committee of inquiry into the role and working practices of the DPP.

"I would propose that such an inquiry should consider the establishment of a parliamentary select committee, empowered to monitor the work of the DPP, with the right in cases involving a strong political content (as Bingham) or a major public outcry (as Mr Kelly) to call for the papers and to inter-

## MPs urge inquiry on role of DPP

By Our Political Correspondent

In view of recent decisions made by the Director of Public Prosecutions not to order prosecutions in the cases involving Mr Blair Peach, and the Bingham inquiry allegations and the death of Mr James Kelly while in police custody, Mr Michael Meacher, Labour MP for Oldham, has urged a committee of inquiry into the role and working practices of the DPP.

"I would propose that such an inquiry should consider the establishment of a parliamentary select committee, empowered to monitor the work of the DPP, with the right in cases involving a strong political content (as Bingham) or a major public outcry (as Mr Kelly) to call for the papers and to inter-

view witnesses, and to request the DPP, if such was their conclusion, to reconsider their decision." Mr Meacher wrote to Mr Whitelaw, the Home Secretary, on January 12.

Mr Meacher was particularly concerned about the case of Mr Kelly, aged 33, a labourer, of Sleaford, Leicestershire, who died after being arrested by the police. His family claim that he was severely beaten.

"Since at least five eye-witnesses offered detailed accounts of what happened at the arrest of James Kelly, one has to ask what amount of evidence is necessary to secure agreement to prosecute in a case such as this," Mr Meacher wrote.

"This decision can only lend currency to the view, which I

suspect more and more people now hold, that if the Kelly case does not lead to a prosecution, no death in police custody will ever be investigated."

If it was widely felt, rightly or wrongly, that the police could cause the death of a person with virtual impunity, it would be only a terrifying indictment of British standards of public life, but must also severely dissipate any public confidence in the police."

"There is what I believe—following a stream of recent decisions by the DPP over Blair Peach, Operation Countryman, Bingham, and now Kelly—that the establishment is rapidly closing ranks, that there should be a committee of inquiry."

Leading article, page 13

## Prof Blunt urged MI5 to recruit Burgess

By Stewart Tendler

During the last war Professor Anthony Blunt tried to persuade the security services to recruit Guy Burgess into the organization, according to sources yesterday. At the time MI5 often took new members on a recommendation, but Burgess' clandestine reputation had preceded him and Professor Blunt's suggestion was rejected.

At the beginning of the war Burgess worked for a War Office department called Sec. 1, which was concerned with planning commando-style adventures. After the disbandment of the department he eventually joined the BBC, becoming a freelance supplier of odd bits of information to MI5.

Professor Blunt's attempt to get him into the MI5, according to an intelligence source, were scotched by Mr Guy Liddell, a senior officer who had been in MI5 before the war. Doubt was raised by Burgess' behaviour and attitude, which were not thought acceptable within the security service.

The fact that Mr Liddell had been in MI5 before the war throws further doubt on a recent allegation that Mr Lidd



## HOME NEWS

## Use of fuel profits to improve homes urged

By Robin Young  
Consumer Affairs  
Correspondent

Three chairmen of the consumer councils in the gas, electricity and coal industries today urged that large profits from fuel price increases should be earmarked by the Government for a special energy fund.

The fund they propose would receive the bulk of the huge profits the gas industry is expected to make after the 28.7 per cent increase announced at the weekend.

The chairmen, Mr David Trench, of the Domestic Fuel Consumers' Council, Mr Michael Barnes, of the Electricity Consumers' Council, and Professor Naomi McIntosh, of the National Consumers' Council, insist: "These profits belong to the community as the owners of the nationalized energy industries."

They say the energy fund should be devoted initially to ensuring that every home is insulated to the highest standards, and to the replacement of obsolete heating systems, as in some local authority estates.

In the longer term they urge that the fund should be used to revitalize the coal industry to minimize dependence on oil and to develop alternative energy sources.

"To match this initiative," they say, "it should be the responsibility of the Government in the short term to finance a comprehensive fuel allowance scheme to help people who would otherwise have difficulty meeting bills."

In their statement the consumer chairmen complain that the consumers' voice is not clearly heard when decisions about fuel prices are taken. They particularly deplore the closing of the Energy Commission, the only national forum for the discussion of energy.

They add that from the consumers' viewpoint "it is essential that large fuel price increases are phased in gradually. Their timing and frequency must bear some relation to the amount of disposable income."

Special help must be provided for disadvantaged customers, including those on low incomes, for reasons beyond their control, use a lot of fuel relative to their income.

Appeal for low paid: The low paid must be protected from the effects of big increases in heating bills, Dr David Owen, Labour Party spokesman on energy said on Saturday (the Press Association reports).

"We must have urgently a universal method of helping low-income energy consumers. Hundreds of thousands of people are literally shivering with cold this weekend because they cannot afford to pay."

The Government's decision to cancel the electricity discounts was "one of the meanest and most damaging of all their expenditure cuts."

**Digital recording experiment on radio to continue**

The BBC is to run a more experimental digital recording on Radio 3 and Radio 4 this month and next. The first broadcast of the system took place on Radio 3 on Christmas Day.

The recorded programmes are brought to Broadcasting House, London, by road and are sent from London to BBC radio transmitters throughout the United Kingdom through the BBC's digital transmission system, brought into operation in 1972 and the first of its kind.

They thus have the same quality of reproduction whether broadcast from the Kirk O'Shotts transmitter in Scotland, Wenvoe in Wales or from Wrotham in Kent.

**Coffee breaks tea's ground**

Coffee is catching up with tea as the British cup of beverage, with one cup of coffee being drunk for every three of tea against one to six in 1966.

"People now drink more than 70 million cups of coffee a day and we expect the market to grow by at least 4 or 5 per cent this year," Mr David Harris, marketing manager of Nestlé, the market leaders, said. Coffee consumption last year was worth £266m.

**Threat to eagles denied by forestry men**

The Forestry Commission has denied an accusation by the Royal Society for the Protection of Birds (RSPB) that it is contributing to threats to the survival of two breeding pairs of golden eagles in the Lake District.

Mr Ian Armstrong, a RSPB regional officer, said: "The Forestry Commission is planting large areas of the tall-sided with trees, and this means that the eagles are losing their favourite habitat."

Mr Michael Scott, the commission's north lakes officer, strongly denied the accusation yesterday and pointed out that under the 1936 agreement with the Council for the Preservation of Rural England the commission was not permitted to plant trees in the 300-square-mile area of central Lakeland.

"Outside this area any planting has to be agreed with the District special planning board."



Gathering of the clans: Red deer on a snow-covered hillside near Aviemore, Highland.

## Councils' hostility on finance worries Tories

By Christopher Warman  
Local Government  
Correspondent

A survey of Conservative-controlled local authorities shows that most have complied with Government requests to cut their spending.

The survey, carried out by the Conservative Central Office, drew a response of about two thirds from the 456 councils in England and Wales. It discloses a general determination among Conservative authorities to achieve the target of a 3 per cent saving for 1979-80, by reducing either services or manpower.

By contrast, Labour authorities have opposed cuts. Several have refused to make any concession to the Government, and more have reduced their spending by using up balances or by other financial adjustments.

rather than cutting services. The Government's proposals for financing the system have caused a depression throughout local government and its apparently hostile attitude worries senior Conservative Party officials.

The local authority associations have protested strongly against the proposed new controls and individual council leaders have written to both Mrs Margaret Thatcher and Lord Thorneycroft, chairman of the party, expressing their concern at the Government's attitude.

They have not been convinced by the arguments of Mr Michael Heseltine, Secretary of State for the Environment, and Mr Tom King, Minister for Local Government, that their proposals for increasing the freedom of councils for government outwards the proposed new controls, including restrictions on capital spending and the introduction of a block grant system.

Because of protests against the proposals from the associations, all of which are Conservative-controlled, and from individual party loyalists, Lord Thorneycroft, the mainstay of the organization which saw the party back into power, is taking a close interest in the debate.

Local Conservative parties provide a base for national support, and with district council elections coming in May, the issue could assume considerable importance.

Conservative councils appear to be following Mr Heseltine's advice that the simple way to cut spending is to reduce manpower. He has advocated filling every four vacancies with three staff, which would achieve the Government's target.

The smaller councils find it very difficult to reduce their staff. But in Kirkcaldy, West Yorkshire, the council has made cuts of 10 per cent worth £7m and including a reduction of 500 staff. Bradford has cut the staff by 250 and expenditure by 21 per cent. Merseyside has reduced its spending by 5 per cent (£6m) and its staff by 533.

West Sussex by 384. Southampton City Council, since the Conservatives gained power in 1976, has managed to reduce the rates by 40 per cent. Mr Norman Best, leader of the council, said that had been done by a combination of reducing the capital debt, savings on manpower and by reducing services.

Mr Best believes that the Government's proposals will impose centralist requirements that will have the opposite effect of what it wants, that is, to curb the profligate spenders.

**Young ignorant about the world of work**

The knowledge of most young people, including graduates, of the world of work is "generally deplorable," according to Dr Ronald Johnson, director of training at the Manpower Services Commission.

Speaking at a National Union of Teachers' conference on Saturday, he urged that properly organized work experience should be integrated into the school work of those aged between 14 and 19.

"I am not convinced that it is good enough to leave this to be covered in the traditional curricula of our schools, and it seems to me that a new approach is required."

Mr St John-Stevens had pointed out the arts were already seriously underfunded. "Second, the arts budget is so tiny compared with the education or health budgets that an increase of £10m, which would make very little difference in those services where costs are in thousands of millions, would transform the arts scene, receiving at present just over £50m."

"Conversely, any economies that could be made in the arts, like the film industry, would be a disaster for the country's well-being in much more than an economic sense."

The arts area is one of the sadly few where Britain is still truly Great Britain. We may buy other countries' cars but they buy our cars."

It took little time to destroy a great theatre, opera or ballet company, he said, to increase the extent to which theatre, ballet and opera were available on television; increasingly spread the best of live art around by touring the work of the top national companies.

Researches at the Wellcome Laboratories at Beckenham, Kent, have used the same techniques as the New York team to identify two merozoite antigens.

Both teams have relatively recently discovered method of obtaining large quantities of identical antibodies against individual antigens.

Injections of antibodies will, however, confer protection only for as long as the antibodies persist in the bloodstream. The long-term aim is to use the antibodies as a vaccine that will induce the animal to produce its own antibodies, and give lasting immunity.

Researchers are still several steps away from such a vaccine. It would not protect the vaccinated individual but would prevent the spread of the disease.

Source: Science, January 4 (207, 71, 1980).

© Nature-Times News Service, 1980.

**Science report**

**Immunology: Malaria vaccination**

By the staff of Nature

The development of an effective vaccine against malaria has been brought an important step nearer by recent experiments with new techniques for making antibodies.

Dr Nobuko Yoshida and Dr Ruth Nussenzweig at New York University, with colleagues in New York and at the Wellcome Research Institute in Oxford, have succeeded in making large quantities of antibodies against Plasmodium falciparum, a malaria parasite that infects man. The antibodies seem to be able to protect mice from infection.

But the eventual aim of the experiments is not to provide antibodies for short-term protection against malaria but to use them as a means of overcoming the obstacles that now stand in the way of vaccinating to give long-term protection.

To make a vaccine of the conventional kind it is necessary to be able to grow the infectious organism in very large numbers. This can now be done with malaria parasites, but only for some of the many stages of their life cycle.

A serious disadvantage of experimental vaccines made from parasites at those stages is that they are very weak and will work



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Correspondent

A survey of Conservative-controlled local authorities shows that most have complied with Government requests to cut their spending.

The survey, carried out by the Conservative Central Office, drew a response of about two thirds from the 456 councils in England and Wales. It discloses a general determination among Conservative authorities to achieve the target of a 3 per cent saving for 1979-80, by reducing either services or manpower.

By contrast, Labour authorities have opposed cuts. Several have refused to make any concession to the Government, and more have reduced their spending by using up balances or by other financial adjustments.

rather than cutting services. The Government's proposals for financing the system have caused a depression throughout local government and its apparently hostile attitude worries senior Conservative Party officials.

The local authority associations have protested strongly against the proposed new controls and individual council leaders have written to both Mrs Margaret Thatcher and Lord Thorneycroft, chairman of the party, expressing their concern at the Government's attitude.

They have not been convinced by the arguments of Mr Michael Heseltine, Secretary of State for the Environment, and Mr Tom King, Minister for Local Government, that their proposals for increasing the freedom of councils for government outwards the proposed new controls, including restrictions on capital spending and the introduction of a block grant system.

Because of protests against the proposals from the associations, all of which are Conservative-controlled, and from individual party loyalists, Lord Thorneycroft, the mainstay of the organization which saw the party back into power, is taking a close interest in the debate.

Local Conservative parties provide a base for national support, and with district council elections coming in May, the issue could assume considerable importance.

Conservative councils appear to be following Mr Heseltine's advice that the simple way to cut spending is to reduce manpower. He has advocated filling every four vacancies with three staff, which would achieve the Government's target.

The smaller councils find it very difficult to reduce their staff. But in Kirkcaldy, West Yorkshire, the council has made cuts of 10 per cent worth £7m and including a reduction of 500 staff. Bradford has cut the staff by 250 and expenditure by 21 per cent. Merseyside has reduced its spending by 5 per cent (£6m) and its staff by 533.

West Sussex by 384. Southampton City Council, since the Conservatives gained power in 1976, has managed to reduce the rates by 40 per cent. Mr Norman Best, leader of the council, said that had been done by a combination of reducing the capital debt, savings on manpower and by reducing services.

Mr Best believes that the Government's proposals will impose centralist requirements that will have the opposite effect of what it wants, that is, to curb the profligate spenders.

**Young ignorant about the world of work**

The knowledge of most young people, including graduates, of the world of work is "generally deplorable," according to Dr Ronald Johnson, director of training at the Manpower Services Commission.

Speaking at a National Union of Teachers' conference on Saturday, he urged that properly organized work experience should be integrated into the school work of those aged between 14 and 19.

"I am not convinced that it is good enough to leave this to be covered in the traditional curricula of our schools, and it seems to me that a new approach is required."

Mr St John-Stevens had pointed out the arts were already seriously underfunded. "Second, the arts budget is so tiny compared with the education or health budgets that an increase of £10m, which would make very little difference in those services where costs are in thousands of millions, would transform the arts scene, receiving at present just over £50m."

"Conversely, any economies that could be made in the arts, like the film industry, would be a disaster for the country's well-being in much more than an economic sense."

The arts area is one of the sadly few where Britain is still truly Great Britain. We may buy other countries' cars but they buy our cars."

It took little time to destroy a great theatre, opera or ballet company, he said, to increase the extent to which theatre, ballet and opera were available on television; increasingly spread the best of live art around by touring the work of the top national companies.

Researches at the Wellcome Laboratories at Beckenham, Kent, have used the same techniques as the New York team to identify two merozoite antigens.

Both teams have relatively recently discovered method of obtaining large quantities of identical antibodies against individual antigens.

Injections of antibodies will, however, confer protection only for as long as the antibodies persist in the bloodstream. The long-term aim is to use the antibodies as a vaccine that will induce the animal to produce its own antibodies, and give lasting immunity.

Researchers are still several steps away from such a vaccine. It would not protect the vaccinated individual but would prevent the spread of the disease.

Source: Science, January 4 (207, 71, 1980).

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**Science report**

**Immunology: Malaria vaccination**

By the staff of Nature

The development of an effective vaccine against malaria has been brought an important step nearer by recent experiments with new techniques for making antibodies.

Dr Nobuko Yoshida and Dr Ruth Nussenzweig at New York University, with colleagues in New York and at the Wellcome Research Institute in Oxford, have succeeded in making large quantities of antibodies against Plasmodium falciparum, a malaria parasite that infects man. The antibodies seem to be able to protect mice from infection.

But the eventual aim of the experiments is not to provide antibodies for short-term protection against malaria but to use them as a means of overcoming the obstacles that now stand in the way of vaccinating to give long-term protection.

To make a vaccine of the conventional kind it is necessary to be able to grow the infectious organism in very large numbers. This can now be done with malaria parasites, but only for some of the many stages of their life cycle.

A serious disadvantage of experimental vaccines made from parasites at those stages is that they are very weak and will work

## Large house repair bills face councils

By John Young  
Planning Reporter

Evidence is accumulating that local authorities throughout Britain are faced with large bills for remedying defective housing built within the last 20 years.

The incidence of defects varies considerably from one authority to another. But the total cost of remedial work seems the reason why government approval of housing investment programmes for the next financial year has been delayed.

There has been a number of well publicized instances of design faults in large estates, but until recently it was thought that defects could be attributed to industrialized building systems popular in the 1960s but since abandoned.

It was only when councils in new towns began complaining about the cost of taking over housing built by development corporations that it became clear that not only tower blocks but also "traditional" estates of detached and semi-detached houses were unsatisfactory.

The Housing, Building Design, which has carried out a number of surveys throughout Britain, ranging from large cities to small towns, suggests that the cost of remedial work will amount to several hundred million pounds. It blames excessive attention to external appearance, to the detriment of good construction standards.

Inquiries by The Times disclosed that few, if any, councils will defect to a new system of funding for remedial work. In Sheffield, where there are some 94,000 council dwellings, the council has a backlog of 24,000 requests for repairs. The number has risen in the last two years from an average of two a year per tenant to 2.8.

Several councils such as Sheffield and Hillingdon, in west London, have applied for special help from the Government.

While nearly all new building is now covered by a half of renovations qualify for government subsidy, repairs rarely do.

The Department of the Environment said last week that it remains government policy not to subsidize repairs or maintenance.

Most defendants who do not get legal aid do not have legal representation. Research indicates that unrepresented defendants suffer from many disadvantages and are twice as likely to be convicted, the report states.

Mr Howard Levenson, a solicitor and senior law lecturer, the author of the report, says that despite proposals by the Royal Commission on Legal Services to tighten the criteria by which magistrates can refuse legal aid, the commission's "failure to recommend a system of appeal against refusal leaves ample scope for the prejudices and idiosyncracies of magistrates".

Sweden's 14 and Germany's 27, and although he knew those countries were more prosperous than us and he did not expect us to equal those subsidies, the discrepancy was surely far greater than it should be.

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## OVERSEAS

## Political leaders test reaction in Iowa to Carter grain embargo

From Michael Leppan

Waterloo, Iowa, Jan 13

The people of Iowa are farmers, notoriously hard to impress, but even they have been caught by the bait of the dazzling array of politicians zigzagging across their frozen state in recent days.

With the exception of President Carter, prominent political figures have been here, accompanied by his posse of television cameras and security men.

They will continue the rounds over the next week, until the faithful of both parties gather next Monday to vote in the first stage of the long process leading to the selection of a presidential candidate in the summer.

Their campaigns have attracted unprecedented national attention, not just because this is the first of dozens of popularity contests in this election year but also because, by coincidence, Iowa is among the states hardest hit by President Carter's grain embargo against the Russians. It has become a referendum on how to deal with the air war you can see why.

Endless acres of flat, brown, rectangular fields, their rough paths fringed with ice, stretch into the distance, each farm with its group of white buildings on one end. Among the buildings are silos, filled to bursting with grain that the farmers will have to sell at uneconomic prices because of the embargo.

Last night, Vice-President Walter Mondale, standing in for the President, shared a platform with Mr Carter's two main challengers for the Democratic nomination in this eastern Iowa town of 17,000 people.

"Tonight Waterloo has become the centre of the civilized world," he declared. "Iowa may well decide, as it did in 1976, who the next President will be."

Senator Edward Kennedy and Governor Jerry Brown of California nodded in agreement.

Four years ago Mr Carter, by campaigning doggedly and winning more votes in precinct caucuses than any other Democratic candidate, emerged from obscurity to take a lead he never lost. It is now the received wisdom that to do well in Iowa is a prerequisite to winning the nomination.

The caucus is the first stage in a complex election procedure which proves the United States to be the world's most thoroughgoing democracy. At next Monday's meetings of a few hundred people in each of the state's 2,531 precincts, delegates will be elected to county conventions in March.

They will in turn elect delegates to the district conventions in April and the two state conventions in June. Both the district and state conventions will choose delegates to a national convention in August where the presidential candidate is selected.

Thus the precinct caucuses are repeated despite the traditionally low turnout, which is only 7.7 per cent of the state's registered Democrats and 5.4 per cent of the Republicans. Although Mr Carter won much of the largest possible vote, it was only 29 per cent of the turnout and 38 per cent of delegates elected were uncommitted to any candidate.

This year, if the latest opinion polls are a guide, the President will do even better by staying away than he did by his persistent campaigning in 1976. The Des Moines Register poll on Friday gave him 57 per cent of the Democratic vote and Mr Kennedy only 25 per cent.

Despite the farmers' hurt over the grain embargo, Mr Mondale is one of them, and during the last few days the state has had visits from the President's wife, mother, son and members of his Cabinet.

His apparent increase in popularity sustains the theory that the White House crisis room is the most effective place to campaign from.

He angered Mr Kennedy and

Mr Brown by pulling out of a public debate scheduled in Des Moines last week. The Republicans put on a debate (though without their best contestants, Mr Ronald Reagan) but for the Democrats last night's Waterloo event — a series of three speeches rather than a debate — was the nearest they came to.

It was a fund raising dinner for the local party whose members, judging from the enthusiasm shown for the candidates, are roughly equal in number to Mr Carter and Mr Kennedy with only a few for Mr Brown.

The burden of the speeches from local politicians was an appeal for unity, a reflection of the worry that a hard fight would split the party and let the Republicans in.

The grain embargo was the subject of the most passionate discussion. Mr Kennedy and Mr Brown argue that it would hurt the farmers more than the Russians. Mr Brown quoted General Patton: "The point of warfare is not to die for your country but to make sure that your adversary dies for his."

Mr Kennedy, weatherbeaten and hoarse after six days hard slogging, said the embargo "will hurt the farmer more, the taxpayer more than it will hurt the Soviet transgressor." The crisis had been caused, he said, by President Carter's vacillation in foreign affairs, adding: "I don't believe the Iowa farmer should be made to bear the burden."

Mr Mondale, a deceptively cool man who can orchestrate impressive heights of emotion, did so on this question. No one can say that Carter's embargoing of grain to the Soviet Union was a mistake, he thought, it would be popular in Iowa," he shouted. "He did it because he knew it had to be done for the nation."

The Des Moines Register poll showed that 53 per cent of Iowa farmers support the embargo, though among farmers the figure is only 36 per cent. It is hard for a visitor to find even that percentage of farmers who support it.

At Ames, City, 120 miles north of here, I spoke to Mr Sam Hobeys, the general manager of a farmers' cooperative which buys grain from 1,000 local farmers and markets it.

"Farmers are probably as loyal to the country as anyone in America," he said. "They're willing to do their share in the interests of America but they feel they will always be picked at and they're getting right darn sick of it."

The Government support measures the grain price has gone down from \$2.20 (£1) a bushel before the embargo to \$2 now, a price Mr Hobeys says is lower than the production cost. About 60 per cent of last year's grain was sold to the Soviet Union, he said. "The Russians would tell us to go jump in the lake."

"The thing I hate to see about an embargo," he said, "is that it makes us look like these international markets. When the embargo comes you cut off everything and it takes a long time to come back to what it was before. Even if the embargo were lifted and we started to start selling again, the Russians would tell us to go jump in the lake."

On the Republican side most candidates oppose the embargo, though when Senator Howard Baker was in Mason City, 100 miles north of here, one of the subjects he raised in questioning Mr Hobeys was the maintenance of America's military strength.

Mr Baker was shown in the Des Moines Register poll to be making more headway than any of the other six Republican candidates. His support had gone to 18 per cent from 11 per cent in the last poll, he said.

Both are still behind Mr Ronald Reagan, but he has slumped dramatically from 50 per cent to 26 per cent in a month, probably because of his failure to take a stand in the Des Moines debate. Staying aloof from the fray only works if you are President and can be seen to be doing something more important.

office, would take over from him.

He had also received the Yugoslav Foreign Minister to review, it is understood, the situation arising from the Soviet invasion of Afghanistan and Yugoslavia's activities, together with other non-aligned nations, at the United Nations. The Yugoslavs have taken a very firm stand against the Soviet military intervention in order of the founding members of the non-aligned movement.

President Tito's illness could not have come at a worse time: The Yugoslavs are increasingly inclined to see an expansionist trend in Soviet global strategy reviving fears over the future of their country.

They are fully aware that Moscow has never abandoned its designs to bring their country under its control. In recent years, they have grown extremely worried about Moscow's blatant attempts to infiltrate the non-aligned movement and to split it.

The President's health is giving rise to anxiety because he has not groomed an heir or a deputy, having instead provided the framework for a collective leadership. In short, he is trying to set up a constitutional system but how this system will stand up to the strains of his heirs' personal ambitions remains to be seen.

## Dr Nyerere accuses Britain of murder

Dar es Salaam, Jan 13

President Julius Nyerere of Tanzania has accused Britain of cold-blooded murder, deceit and treachery over the killing last Thursday of Patriotic Front guerrillas by Rhodesian security forces.

He called in Mr Peter Moon, the British High Commissioner, yesterday to deliver an angry protest in front of the assembled envoys of other Commonwealth countries.

Afterwards he told a press conference as his backslide view that he hoped Britain would call a halt to what he described as its crimes in Rhodesia and carry out the spirit of the London peace agreement.

He hinted that if it did not, Tanzania would take tougher action and perhaps break diplomatic relations, as it did in 1965 when Rhodesia made its unilateral declaration of independence.

Dr Nyerere said he understood that 13 Patriotic Front guerrillas had been killed in the past few days, seven of them by security forces while they were trying to reach an assembly point.

"The Governor (Lord Soames) has tried to justify that action by saying the security forces were acting within their rights. We consider that action cold-blooded murder."

He said the British were not even using the Commonwealth monitoring forces to receive the guerrillas and escort them to assembly areas as laid down in the Lancaster House pact. Instead, he complained, they were using troops of the former Salisbury Administration who should have been confined to their barracks.

Asked if Tanzania would take action stronger than verbal protests if the situation did not improve, the President replied: "In 1965 we protested at British inaction over the Salisbury rebels by breaking diplomatic relations."

"We believe their inaction in 1965 was less of a crime than the present participation of the British in the murder of the Rhodesian people." — Reuter.



Mozambican officials (right) wait on their side of the border, watched by journalists on the Rhodesian side.

## Fiasco at reopening of border

From Nicholas Ashford

Machipanda, Mozambique, Jan 13

For the past four years the border between Rhodesia and Mozambique, has been closed. During this period Rhodesian and Frelimo forces have sat watching each other from behind sandbagged emplacements or occasionally letting loose with small arms or mortars.

The most noticeable casualty of this period was the Mozambique customs house which was destroyed by the Rhodesians and subsequently replaced by a new one situated

something further away from the border.

However, years of hostility were replaced by festivities yesterday when the border was formally opened. It was a moment of considerable significance for Rhodesia because not only will it reopen the main road and rail route to Beira, once Rhodesia's main port, but it may also mean that Rhodesians can return to the beaches and grassy restaurants of the Mozambique coast.

The opening ceremony was, however, a bit of a fiasco. At 9 am, one hour after the border was supposed to reopen, a Mozambique delegation, headed by a smartly uniformed major, marched up to the wire barrier across the road and solemnly waited in the baking sun for the Rhodesians to arrive. But none did so, and after a few more minutes the Mozambicans left.

Not long afterwards a

Rhodesian immigration official wandered over and asked what the fuss was about. He was told the Mozambicans had been there to open the frontier but had left because no Rhodesian officials were present. "It's their fence which is blocking the way," he remarked. "It is up to them to take it down."

It appeared, however, that the Mozambicans wanted a ceremonial reopening of the border. When the Mozambique delegation returned to the frontier post, this time inexplicably accompanied by a soldier carrying a white flag, they explained that the Governor of Manica province plus a host of other dignitaries were coming to the ceremony. In return they expected Lord Soames, the Governor of Southern Rhodesia, or at least someone else from Government House to be there.

They were informed, however, that there was no one more important on the Rhodesian side

than the immigration officer, a few police reservists, and a Coldstream Guards major from the Commonwealth monitoring force.

Eventually, after more delays the Governor of Manica and his retinue drove away and the original Mozambique delegation marched up to the frontier yet again to remove the wire. There were cheers from the Rhodesians and foreign journalists present, who then walked across into Mozambique to be greeted by over 1,000 laughing, cheering and chanting Mozambicans.

Suddenly the crowd, seeing that the barrier had finally been removed, rushed in a great phalanx over to the Rhodesian side of the border where they danced and sang around the customs house.

Even the Rhodesian customs officials were sufficiently moved to crack open a celebratory bottle of Rhodesian sparkling wine.

## Hint of compromise on Tehran hostages

From Patrick Brogan

Washington, Jan 13

Mr Warren Christopher, Deputy Secretary of State, left for Europe today to consult American officials on the next steps to be taken in the Middle East crisis. Which means he will be in Europe when the United Nations Security Council finally votes on a motion imposing sanctions on Iran for holding American hostages in Tehran.

The Council has several times postponed considering the motion in the hope that Iran would accept some face-saving formula to release the hostages. American spokesmen, both in New York and in Tehran, have hinted at such a compromise, but have never committed themselves, let alone the Ayatollah, to a binding agreement.

Mr Sadegh Qorobadeh, the Iranian Foreign Minister, sent a letter yesterday to Dr Kurt Waldheim, the United Nations Secretary-General, suggesting the possibility of a compromise. Mr Donald McHenry, the American representative, said last night that this was the first time the Iranian authorities had agreed to anything in anyone's letter.

"The fact that there is a letter," he said, "and the way it is written has led us to conclude that it may be useful to consider with the Iranian authorities for a second time."

He did not express much hope, however. The meeting of the Security Council, which was scheduled for yesterday evening, has been put off until tonight, and further consultations have taken place today.

Mr Christopher is working on the assumption that this flurry of last-minute manoeuvring will get nowhere, that the Security Council will have to impose sanctions on Iran, and that the Soviet Union will veto the resolution. The matter would then be taken to the General Assembly.

The United States expects that it will then seek to impose further sanctions on Iran and will immediately seek to persuade other nations to

join it. This is the prime purpose of Mr Christopher's trip.

It is more than likely that he will also consult European governments on the possibility of moving the Olympic Games from Moscow. President Carter has suggested the move, using his wife and Vice-President Mondale as spokesmen, arguing that the games should not be held in the capital of a country which has recently been guilty of flagrant aggression against Afghanistan.

The Games might be moved to another country, if any could be found with the facilities, or else split between several nations.

Representatives of the world's main grain-exporting countries gathered in Washington yesterday to discuss the consequences of America's embargo on the sale of grain to the Soviet Union. All, including Argentina, agreed to support the United States.

The European Community, Canada, Australia and Argentina will refrain from taking advantage of the American embargo by expanding their own sales. They will not sell the missing tonnage (17 million) to the Soviet Union directly and will not export grain to the Soviet Union through the black market.

Argentina had originally said that it would not be influenced by decisions taken unilaterally by the United States.

American officials insisted afterwards that they were not vetting up an international cartel in grain, like Opec. The four powers will organize a permanent committee of officials to monitor the international grain trade.

Mr Agha Shahi, foreign affairs adviser to President Zia-ul-Haq of Pakistan, ended a visit to Washington by meeting President Carter yesterday. He had brought a team of military advisers to discuss Pakistan's military needs now that the Russians have reached the Khyber Pass.

trained soldier he accepted the President's refusal.

The President showed he was aware that feelings were running high and that the tribes might listen to appeals for restraint. "This martial spirit is the hallmark of our tribal culture," he said. "It was because of this martial spirit that even big powers could not succeed in their efforts to absorb the tribal areas."

He denied once again Soviet allegations that Pakistan was being used to train Afghan guerrillas. The point was, he said, that 42,000 people have been compelled to leave their homes; they had come to Pakistan because their life, honour and property were in danger and an attempt was being made to force on them an ideology opposed to theirs.

It was, he said, "a cruel joke" that while Pakistan was spending about £75,000 a day on providing humanitarian aid to the refugees, "those who have pushed them across the border into our country are accusing Pakistan of giving military aid." He repudiated the "unfounded and mischievous charge" which appeared to be "part of a sinister design."

Should this "sinister design" include a Soviet invasion of Pakistan, it was clear from his courtesy to them that the President is relying on the tribesmen as a formidable first line of defence.

## Brezhnev 'fear of imperialism'

Continued from page 1

The Soviet leader gave a detailed and surprisingly straightforward account of Soviet worries over Afghanistan and said that the Russians could not have passively watched the growth of a "seat of serious danger to the security of the Soviet Union" along their southern border.

He said that opponents of détente were now telling "mountains of lies" about events in Afghanistan, and were mounting a "shameless anti-Soviet campaign."

From revolution in 1978, Afghanistan had encountered external aggression and interference from outside into its internal affairs.

Tens of thousands of insurgents, armed and trained abroad, had been sent into Afghanistan. "In effect imperialism, together with its accomplices, launched an undeclared war against revolutionary Afghanistan." The Russians had warned those concerned that if the aggression was not stopped, they would not abandon the Afghan people at a time of trial.

"As is known, we stand by what we say."

He said that the actions of the aggressors were designed to create a real threat to Afghanistan and to turn it into an imperialist military bridgehead.

In other words, the Soviet leader explained, the Russians could no longer wait in response to Afghanistan's requests for help. To have acted otherwise would have meant leaving Afghanistan a prey to imperialism.

These forces would have succeeded in turning Afghanistan into another Chile, "where the people's freedom was drowned in blood."

## Mines detonated by sound could threaten the safety of the Hormuz Strait. Boats patrol West's oil lifeline

From David Spanier

Diplomatic Correspondent

Riyadh, Jan 13

Flying over the Strait of Hormuz, at the northern tip of Oman, only the oil slicks round the magnificent rocky shoreline betray the shining green-blue sea as the vaunted "lifeline to the West".

The visit by helicopter made by Lord Carrington, the Foreign Secretary, was peaceful enough. The Russian ships, which carry out surveillance from the safety of a narrow channel midway between Oman and Iranian waters, were temporarily absent over the weekend.

The enormous minefields in strictly demarcated sea lanes like leviathans, their lights burning in the night to show the traffic, about 80 vessels a day, never ceases.

Lord Carrington was impressed by the energetic efforts of the Oman Navy, consisting of two missile boats and four gunboats, to patrol the waterway. These little vessels, looking like toys against the mass of the oil tankers, buzz in and out and try to ensure that nothing upsets freedom of passage.

An airstrip, boldly named Al Khushab, "International Airport", enables the Oman Air Force to keep an eye on its coastline and survey the waterway.

It is all very picturesque, but

is it enough to safeguard the Western world's oil supplies from the Gulf? The Sultan of Oman thinks not, and has been impressing on Lord Carrington the case for more arms, in particular radar and modern minesweeping craft. He also wants anti-tank guns, 155mm guns and missiles which can fly "blind" to strike targets by night or day.

Negotiations to purchase a squadron of Jaguar fighter aircraft, which were in train well before the invasion of Afghanistan, have been somewhat strained.

The trouble is that all these arms, supposing Britain or other Western countries were disposed to produce them, would cost a lot of money. Moreover it is not clear how long it would take for the local people, despite rapid process of "Omanization" by a cadre of British officers on contract here, to manager to handle such sophisticated weaponry.

The Sultan is absolutely opposed to any base, American or otherwise, being located on his territory. Omani relations are already somewhat strained with the Arab world beyond the Gulf. And in the Gulf itself, the Omani attempt to mobilize an international effort to patrol and protect the waterway was

handed so clumsily that it failed before it started.

In reality, the threat to the Strait of Hormuz may have been somewhat exaggerated in over-exaggerated press reports. Just because it is so vital to the West, any attempt by the Russians to interfere, with free passage would be a *cassus belli*. They must know that it is too important to be interfered with for short-term advantage.

The lesser dangers of hijacking or sinking a tanker seem to be less alarming than might be supposed. At its narrowest point, the strait is 24 miles wide. If a tanker was put out of action, it would not block the waterway, as for hijacking one of the oil tankers, it is hard to see what object that would achieve.

Possibly the most serious threat to the waterway comes from mines being dropped at random on the sea bed. The late development in mines detonated by noise, magnetism or pressure waves, make them far more lethal and harder to neutralize than good old-fashioned metal balls.

The Iranians used to be the guard dogs of the Strait. Now Oman sees itself as the custodian. The Iranian shoreline is empty, but how long it will remain so is anyone's guess.

## Tito condition 'satisfactory' after leg operation

From Dassa Trevisan

Belgrade, Jan 13

President Tito was in a satisfactory condition today after undergoing an operation last night to clear a blockage in an artery in his left leg, a medical bulletin said.

Last night, a bulletin disclosed that the 87-year-old President had failed to respond to treatment and had been told to have an "urgent operation".

Today's bulletin, signed by doctors at the cardiovascular clinic in Ljubljana, gave no further details but the surgeon who had performed the operation said that the President's heart reacted "excellently", and that there were no post-operative complications. The aging President withstood the operation remarkably well.

Nevertheless, the impact of last night's disclosure that the President had failed to respond to treatment came as a shock and started a fresh round of anxiety for President Tito's health. Yugoslavs accustomed to seeing him sprightly and slowly learning to live with the thought of his declining health.

Before entering hospital last night, he met his immediate deputies in the Presidency and the President and the presiding member of the Presidium who, by the nature of their rotating

office, would take over from him.

He had also received the Yugoslav Foreign Minister to review, it is understood, the situation arising from the Soviet invasion of Afghanistan and Yugoslavia's activities, together with other non-aligned nations, at the United Nations. The Yugoslavs have taken a very firm stand against the Soviet military intervention in order of the founding members of the non-aligned movement.

President Tito's illness could not have come at a worse time: The Yugoslavs are increasingly inclined to see an expansionist trend in Soviet global strategy reviving fears over the future of their country.

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The President's health is giving rise to anxiety because he has not groomed an heir or a deputy, having instead provided the framework for a collective leadership. In short, he is trying to set up a constitutional system but how this system will stand up to the strains of his heirs' personal ambitions remains to be seen.

## Iran Army officers executed by firing squad

Tehran, Jan 13

Four Army officers convicted of taking part in a massacre of anti-Shah demonstrators in September, 1978, were executed by firing squad here last night, the official Press news agency reported today.

The shooting of protesters in Tehran's Jaleh Square on September 2, 1978, was one of the turning points of the Iranian revolution. It signalled the end of the Shah's liberalization plans and the imposition of martial law. According to official figures released at the time, 126 people were killed, but the real death toll is widely believed to have run into thousands.

Two other officers were given life prison sentences, one was sentenced to 15 years in jail and another to six years, the agency added.

Meanwhile, Iran's uncompromising message to Dr Kurt Waldheim, the United Nations Secretary-General, is that even the formation of a United Nations commission to study Iran's grievances against the deposed Shah would not end the crisis between Tehran and Washington.

The text of the message from Mr Sadegh Qorobadeh, the Foreign Minister, to Dr Waldheim was published in the Tehran newspaper *Basma* today.

"The only solution is the one we talked about and naturally the more formation of this committee or expression of a view by it will not solve any problems," the letter said.

"Our demand for extradition of the Shah and his property should take a legal form."

It ended on a defiant note: "Therefore I declare once again that if the decisions of the Security Council are not based on accepting and carrying out the demands they will be regarded as void."

The letter, which delayed a Security Council vote on economic sanctions against Iran due last night, made no reference to the American hostages held at the occupied American Embassy in Tehran. — Reuter.

## New Zealand under fire for delay over reprisals

From Our Correspondent

Wellington, Jan 13

The New Zealand Government's unbridled view of possible reprisals against Russia for its action in Afghanistan has drawn fire from its friends and critics at home and from Washington, but the delay may best be explained by holiday ennuis.

New Zealand shuns itself up for a month's summer Christmas recess during which all ministers vacate the capital. The Cabinet will not meet until January 22 and it is at that meeting, according to Mr Brian Talbot, the Foreign Minister, that New Zealand's response will be worked out.

This is not to suggest that Wellington acquiesces in the

Russian policy. The Government has formally condemned the intervention.

However, the country's failure to display the same urgency to exert pressure on the Russians as it is to be found in other capitals has provoked criticism.

The Foreign Ministry is preparing a study on the options open to the cabinet. Its January 22 meeting, one possibility, a total trade ban, is likely to be rejected on the ground that it would hurt New Zealand more than it would hurt Russia.

The trade area in which New Zealand is most likely to move concerns fishing rights within its 200-mile economic zone.

## '1,200 Soviet death toll'

Continued from page 1

packed ice: 136 tracked armoured vehicles, eight-wheel personnel carriers and lorries, also 60 lorries carrying petrol and dozens of others with ammunition, food and tents.

The drivers looked exhausted and each sat next to a Soviet soldier in a steel helmet who clutched a rifle.

The ambush of the Russians in the Salang Pass is one of the historic ironies of the Soviet military intervention in Afghanistan. The Russians built this spectacular paved highway through the 11,900ft pass in the late 1950s as a symbol of mutual cooperation between the Soviet Union and Afghanistan.

At the time politicians in the United States claimed that this expensive Russian assistance, itself a spin-off of Cold War rivalry, would one day give Soviet troops access to Kabul if they chose to invade the country.

مکرمات الاصل































How much longer before the days of ambassadors become obsolete?

# Bidding a fond farewell to The Career

Signor Roberto Ducci, who has recently retired as Italian Ambassador to Britain, looks back on his long career as a 'member of the honourable mafia of diplomatists', which he calls a real society of friends

I have served in the foreign service of my country 42 years, six months and six days. For most of my life I have therefore been a member of the honourable mafia of diplomatists, which is one of the many international mafias that criss-cross the world (bankers, cavalrymen, ministers of agriculture, clergymen, nuclear scientists, et al); indeed, one of the best among them, a real society of friends, and no two diplomats hate each other.

For a total of 15 years I have sat at the top, receiving the honours and privileges, as well as the laurels mixed with thorns, which become to an ambassador. I have liked and disliked this profession, which when I was a boy was still an Order of Chivalry. I have never thought that the right to choose among half a dozen *grands cordons* to wear over a white vest gave me a taste for feeling superior to other human beings. Recently, when some progress was made towards the idea that the scope of diplomacy is not the glory of the Prince and the aggrandisement of his State, but the peace and welfare of mankind, I felt rather proud of having consecrated to it most of my energies.

I am now quitting what the initiates call The Career, with some regrets for the good things I have not allowed to do and for some of the opportunities I have missed. I am starting what is optimistically called a second life, with a new job and a higher dose of literature, music and walks in the countryside. I am quite sure that if some doubts have emerged in me about the future of The Career they are not attributable to the fact that personally I shall have no part in it. My slowly creeping doubt is that I (and you) may be contemplating the beginning of the end of diplomacy: not of diplomacy as an art, which we shall always need with our wife or our boss; but of diplomacy as an institution.

Whether my doubts are founded or not is still controversial. In order to come to a few (provisional) conclusions I shall use the mathematical method called *reductio ad absurdum*: by it you test your argument against absurd assumptions and consider what happens.

Suppose there was no exchange of ambassadors between the countries of Western Europe: what difference would it make? The answer is none, or very little. We live in an area of the world where there is practically absolute freedom of movement, trade,

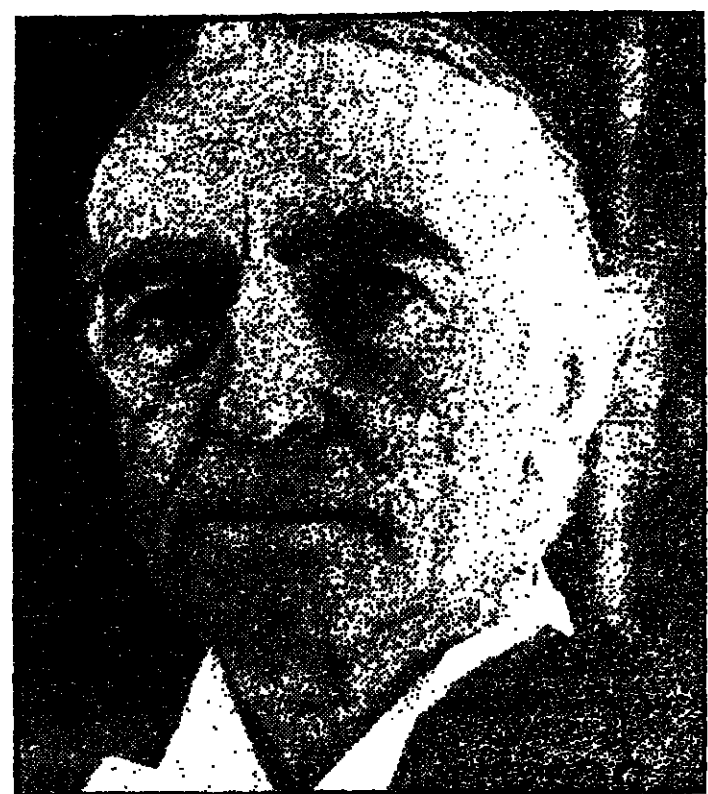
culture. Our interests are the same and becoming ever more so. Three councils of permanent plenipotentiaries (which already exist), one to agree on common defence, another to concert common attitudes towards the rest of the world, the third to adjust economic policies, should be able to deal with most problems.

One might claim that resident ambassadors are still necessary to come to an agreement on the most difficult question of all: how to find a convenient date for all heads of government to meet. But really, should the taxpayer foot a heavy bill to obtain a result which might well be obtained by *Corcu*? (For people who ignore the meaning of the word and the existence of this highly efficient system of inter-EEC communications, suffice it to say that it permits governments to receive the same message at the same time, and to answer the proposition by keeping all the others informed.)

Direct and periodical exchanges between foreign, finance or energy ministers, or between central bankers, museum directors, opera superintendents, have been made possible, plausible and frequent by jet-planes.

The continuity between meetings could well be arranged by technological developments in telecommunications. We are promised miracles by micro-chips, and we have high-speed cables for day-to-day relations among governments.

In the old royal palaces there used to be a large hall named ambassadors' hall. There the foreign envoys would wait for the king to grant an audience. It was a place of great ceremony and importance. But now, in the modern world, the ambassador's hall is a relic of a bygone era. It is a place where the ambassador would wait for the king to grant an audience. It is a place of great ceremony and importance. But now, in the modern world, the ambassador's hall is a relic of a bygone era.



Signor Roberto Ducci.

minimal computer which would hand out or receive, in oral or written form, intergovernmental messages. (The *note verbale* would be replaced by the *note verbal*.) I have no space to list all the advantages of this system: one would be that clarification on points of detail—normally unavailable to an ambassador—might be immediately obtained: the other that waggings, threats and declarations of war would be imparted without risk for the life or health of an envoy. So far with embassies from one Western European country to another. But what if high commissioners were abolished? This is a peculiar British institution and it might prove as difficult to put an end to it as to suppress, say, the Gold

Sticks. But if, by theoretical hypothesis, they disappeared, would it change much to the conduct of affairs with certain African or Asian governments? I submit it would not, except in case of crisis. All the Commonwealth heads of state speak English; it would be the easiest thing for Mrs Thatcher or Lord Carrington to talk to them directly. And if time were not sufficient for a series of intercontinental conversations, why not a network of red telephones, like the ones which permit 'talk' with the Kremlin? (Within the Commonwealth the telephones might be pink.)

Finally, what about ambassadors to and from third countries? Ambassadors were recalled respectively from Argentina and Britain more than three years ago. Nothing terrible happened, there were no armed clashes and no trade wars (admittedly, charges of *d'affaires* were left on the spot). It emerges from this and similar examples that when political or ideological relations between two countries are bad, ambassadors are considered needless. This contradicts horse-sense: men of good will and amicable disposition should be available when fences need to be mended. If ambassadors are not necessary in bad times why should they become so when times are good?

When times are really bad (in case of war, for instance) diplomatic missions are withdrawn. But the recent drama of the American mission in Tehran should make one leaders reflect on the presence of an embassy in certain countries is not equivalent to playing with fire. This had been recognized in the Middle Ages and up to the sixteenth and seventeenth centuries, when courteous citizens were hunkered (under the threat of confiscation of their property if they refused) to go as legates on extraordinary missions to the Shah, the Great Mogul or the Emperor of China. In a few cases they did not come back, their heads having been severed; but normally was shown in the pictures by Caraccio in the cycle of the Life of St Ursula, where the ambassadors leave (*La Partenza degli Ambasciatori*) and come back (*Il Ritorno degli Ambasciatori*).

The lesson of Iran reminds us that the protective wall erected throughout the centuries around the ambassador has been destroyed in many places. The once near-sacred places are now liable to be killed, kidnapped, ransomed, and subjected to injurious treatment. Civilized countries have no possibility of retaliating on the envoy of the offender. Finally, the head-on-head principle is alien to our concept of right. Being disarmed, why do we then continue to

offer hostages to fortune and to Islam?

This short analysis seems to lead to the following conclusions. An exchange of embassies between friendly countries is a waste of superfluous; between unfriendly countries it is at best risky. We might therefore find our advantage in abolishing permanent missions, and replacing them either with a special legate, to be sent for a limited time to re-establish decent relations or to negotiate a special agreement, or with a roving ambassador, when the consensus of a number of countries is looked for.

Having thus made my point that ambassadors are rapidly becoming obsolete, the objection might be raised that my analysis is slanted by personal motives. I can distinctly hear my colleagues in London murmuring that, of course, having been ambassador for 15 years (of which nearly five in London) and having only one chance in a thousand of becoming again head of mission, I could not care less if this precious institution were suppressed. To which my answer is: ambassadors are obsolete and, if things continue as they are—with on the one side prime ministers, foreign and other ministers as well as high officials meeting directly once a month or once a week, and a new middle age emerging on the other side—they will rapidly become obsolete. But a return to sanity is not to be ruled out. Perhaps ministers will come to realize that little is to be gained, and a lot might be lost, if the hectic chase after personal contacts at their level is intensified into a frenzied merry-go-round, that will not even be merry after a while; and that relations between countries would be improved and stabilized if they were restored to the patient and continuous care of wise men, members of diplomatic international, not too young, not too ambitious, and compensated for the lack of political advancements by some glitter and some duty-free whiskey.

But my *chers collègues*, my successor and my younger colleagues should not unduly worry. Any formal acceptance of the fact that ambassadors have become needless will take 50 years, even in the first of the two possible developments I have described. Until then, their jobs, their careers and their future should not, thank God, be at risk.

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Engineering students at King's College, London: going up.

## Putting engineers back on top

The Finiston Report published in the first ten days of 1980 must surely usher in the decade of the engineer.

For Finiston is the most important report we have had, or are likely to receive, for a very long time. It is a warning of the decline of British industry and how to reverse it. Its analysis of that decline is itself a tour de force, and should be required reading for practically everybody. And it identifies for technical cause of that decline our failure either to develop or to use our qualified engineering manpower as we should.

The evidence, overwhelmingly, lies in comparing our attitudes to engineers, and the use we make of them, with the attitudes and practices of other successful industrial countries. On virtually every count we do it worse.

But it is more than that. In most other countries the engineering profession is seen as lying at the heart, not merely of industry's success, but of the country's success. It is not so over here. Here, the engineer is seen as an ancillary fellow, happy to be considered for determining important management decisions.

"On top, but not on top" is someone's immortal phrase. (Of course there are many and important exceptions. I am writing about the generality.) Finiston understands this, and that what we need above all else is a change in cultural attitudes. His report is about the process of bringing about that change.

The heart of Finiston is in chapter IV, dealing with the formation of engineers. His proposals will clearly be controversial. But they are based on a cogent analysis of what is required compared with what happens. They seem to me, personally, to be broadly right. I am sure that is true of the proposed inclusion of the Technician Engineer on the Register.

The proposal to introduce statutory registration of engineers is also right. It is a measure absolutely necessary if, as Finiston says, industry is to take engineering qualifications seriously. The muscle of Finiston's proposals is the Engineering Authority. This is to be the 'engine for change'. We have long needed a body which needed a heavyweight organization to look after the interests of the engineering profession in the nation at large—with Government, with the schools and universities, industry and international organizations.

It must be a powerful body backed by the nation, as Finiston suggests. Without it there is no chance that the majority of Finiston's proposals will be put into practice except perhaps by the way of a *passé*—and therefore too late.

The Engineers' and Managers' Association has a particular interest in the Finiston Report, since it was the initiative of the E&M Association (which shortly

afterwards created the EMA and is now part of it) which led to the committee being set up by the previous government.

It was we, with the highest proportion of chartered and technician engineers in membership of any union outside the public service sector, who tabled a motion at the 1976 TUC Congress calling for a government inquiry into the state of the engineering profession, and secured unanimous backing for it there.

If we think the TUC resolution which led to the government's interest, and decision 10 months later, against the opposition of the CEI and the Civil Service, to set up the Finiston Committee.

Of course, there are faults to find. For example the report is contradictory when it says "that the new statutory registration must embody the current stock of engineers" and then goes on to suggest ways of ensuring that the stock does not grow. To suggest there should now be a great weeding exercise before existing chartered and technician engineers are accepted will be entirely counter-productive.

If one thing stands out from the report more than any other, it is the failure of British employers to understand the engineering dimension. It is the employers who have lacked "an adequate engineering input to marketing and business planning, and who spend so much less than their foreign counterparts on R & D activities, who do not recognize their need for engineering expertise," who misemploy and underpay many of the engineers they have got.

These are only a few examples to what is unquestionably a damning indictment of so many traditional employers' attitudes to engineers in this country.

The question is: can the employers change themselves? It is not the only question, but the answer to it will be decisive, more so even than the answer to Finiston, which comes from the universities, the institutions and the trade unions. Merely to ask the question is to reinforce the already strong argument for a powerful engineering authority to act as a catalyst for the changes Finiston proposes.

There will be many criticisms of Finiston. But all those of us, and there are many, who understand the importance of the engineer to industry, and who are working for this country's desperately delayed industrial revival, will seek to maximize support for Finiston.

It is so easy to destroy good ideas, so difficult to get them accepted. If we start now it will take 10 years to implement Finiston. But what a prize if we can succeed.

As I said at the beginning, this should be the decade of the engineer.

John Lyons  
The author is general secretary, Engineers' and Managers' Association

## The conflict which creates strikers

As it resembles today, Parliament is facing intensified industrial conflict. The steel strike is entering its third week with all the main unions in the industry now on official strike. Non steel unions are supporting the strike, while others are girding their loins for industrial battle with their own employers. It is not a happy prospect for the country. Not that industrial conflict is unique to Britain. For example, in West Germany last winter the steel industry had a strike lasting for six weeks.

While this present conflict in Britain is different in degree to last year's, it is a reflection of the same malady of inflation and growing unemployment. There is one difference, however: last year trade unionists had a government in office which was sympathetic to them, despite its avowed policy of wage restraint. This year, the opposite is the case, with a Prime Minister fundamentally hostile to trade unions as was clearly shown during her recent television interview with Brian Walden.

The benign reasonableness of Jim Prior cannot hide the

prejudiced attitudes revealed by Mrs Thatcher. Undoubtedly, she reflects the views of those on the Tory back benches who would, if they could, completely clamp down on the unions placing them in a rigid legal strait jacket as attempted by the Health Government.

The present misnamed Employment Bill, recently introduced in the Commons, is a *Reck-type* mini Industrial Relations Bill, purporting to be fair and reasonable, but which, if its provisions were to become law, would make life almost impossible for trade unionists involved in strike action.

For Tory backwoodsmen, the Bill does go far enough, but nevertheless it is far-reaching, especially clause 14, which deals with secondary picketing. Mrs Thatcher, no doubt under pressure from the CBI, (whose director, Sir John Metherell, has called for the Tory Bill to be speeded up in Parliament so that it can be implemented soon) has made it perfectly clear that the Government believes the picketing provisions need strengthening, either by amendment to the

present Bill, or by the introduction of another Bill next winter.

Secondary picketing hit the headlines during the lorry drivers' strike last year. If it were made illegal, it would seriously cripple trade unionists involved in strike action, and would have the effect of prolonging strikes, leading to real bitterness in industrial relations.

It is usual once a strike is on, for fellow trade unionists to take sympathetic action while those directly involved in the strike naturally encourage them to do so.

As Les Wood, the general secretary of UCAIT, says in his new book *A Union to Build*, concerning the 1972 construction strike, "the key, therefore, to effectively preventing the continuation of work on construction sites lay in the prevention of delivery of materials, especially those which were needed quickly and were used in the initial stages of getting the job off the ground."

He further says: "It took the building employers a long time to realize that for so long

as the pickets blocked site entrances, and the men on strike remained loyal to their union, and refrained from doing building work of any kind, their grip was unchallengeable."

The reason why secondary picketing has increased is really quite simple. The interconnection and interdependence of companies, industries, and products is such that no one group of workers is involved in a finished article, and to win a dispute, it is necessary to involve all those workers who in one way or another are engaged in the production process.

Trade unionists rightly get very angry when they receive, from people who have never worked in industry, lectures on the need to be reasonable. It is easy for those outside industry to demand why there should be industrial conflict, that surely the interests of employers and workers are similar: so why can't everyone work together in the interests of the company concerned and the country as a whole?

Unfortunately, such views ignore the real character of our

economic system. Employers in our type of society either make profits or go out of business. Competitive capitalism with profit as its basic motive, creates conflict because understandably workers want to participate in the consumer society, to buy the goods they produce and enjoy such things as holidays abroad.

To acquire these, they demand higher incomes which inevitably leads to conflict with their employers who resist the claims because they affect profits. In turn the higher incomes gained eventually lead to higher prices, and the whole cycle begins again.

What is really required is a new system of production, and an entirely new economic approach, but that will not happen while this Government is in office.

The atmosphere in industry has undoubtedly changed since Mrs Thatcher took control, and has many similarities to that during the Heath regime. At that time, in the early period of the Government, it appeared as if the people, even trade unionists, were supporting him. In

reality, however, strong opposition was mounting because hard-won rights were in jeopardy. Contrary to what is often said, trade unionists in Britain have never been outside the law. Traditionally, however, in Britain the law has tended to operate against trade unionists, which is why they are chary of too much state interference in their affairs.

Yet under the present Employment Bill, the courts would be fully involved.

The Tories and Mrs Thatcher should take heed of the words of Winston Churchill, speaking as Home Secretary, in the debate on the Second Reading of the Trade Union No 2 Bill, May 30, 1911. "It is not good for trade unions that they should be brought in contact with the courts, and it is not good for the courts when class issues are involved, and where party issues are involved, it is impossible to pretend that the courts command the same degree of general confidence."

The author is Labour MP for Liverpool, Walton  
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## NEW YORK DIARY

Dr Kurt Waldheim, the Secretary-General of the United Nations, does not confide such things to me, but he would be scarcely human if he did not feel sure at the end of the day he has been getting from American politicians and newspapers these last few weeks.

Recognizing that they have no power to assert their will in Iran or Afghanistan (or more precisely, that they do not have the will to assert their power) the Americans have suddenly rediscovered the United Nations and Dr Waldheim as useful channels for venting their frustration.

Consider how the poor man has been abused. When the hostages were taken in Tehran in November, the Americans at first did not want him or the United Nations to play any part in the negotiations for their release.

It was Dr Waldheim himself who, under a rarely used prerogative, summoned the Security Council into session. Its members issued a unanimous appeal for the hostages to be freed and asked the Secretary-General to work towards that end.

Then President Carter, fearing that the American public were losing patience with the stalemate declared on television that he was going to ask the Security Council to impose sanctions. When he discovered that other members of the

council were less than wholehearted in their enthusiasm for this scheme, and were more over put out by the means used to announce it, he rowed back swiftly.

The new American plan was to get Dr Waldheim to visit Iran to try to get the hostages back. Only if he failed would sanctions be imposed.

Now it was the Secretary-General's turn to be miffed. Having been asked by the Security Council to work at the problem in his own way, he now found himself being bundled towards Tehran as the American's poodle—a fact which he thought made failure certain.

It was in order to dilute the effects of that that he started on his way before the Security Council had passed their resolution. He could not really have believed, however, that this manoeuvre would enable him to dissociate himself adequately from the threat stated in the resolution.

And off he went, making the best of it, surviving one or two menacing moments and talking to the foreign minister. Returning, he reported that in his view sanctions would not help get the hostages freed.

All this time he had been suffering not only from President Carter's capriciousness but also from the ferocious scorn of most of the American press. An elegant central European diplomat of the old school, something of a fuddy-duddy at

that, he is not the sort of politician Americans understand or respect.

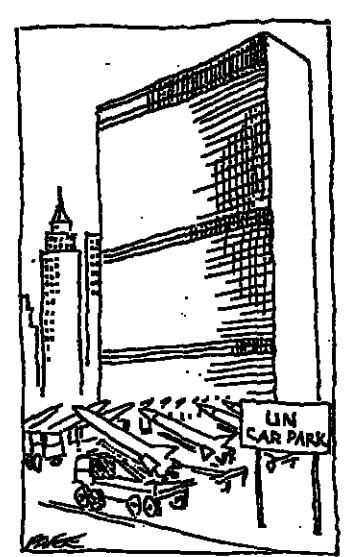
The images which the current crop of presidential candidates project show how Americans view their ideal leader. He should be one who speaks tough, stands no nonsense, believes that anyone who is not for him is against him, knows black from white and admits to no shade of grey in between.

The moderator of a world body which runs the gamut from Albania to Argentina knows that in truth there is no black and white, that all is grey, that between friendship and enmity lies a range of relationships between nations.

The *New York Daily News*, therefore, castigates the United Nations as timid temporizers who have "failed to deliver". The *New York Post* runs an article headlined: "UN setting us up for another slap in the face" and accuses Dr Waldheim of appeasement. The *Wall Street Journal* calls him "an innocent abroad."

When *The Daily Express* in London says that kind of things it matters scarcely a whit, because hardly anybody at the United Nations reads it. But these are the local papers. Delegates hurry to discover what they are saying about them with the enthusiasm of actors thumbing through their first night reviews. They read it and feel sadly misunderstood.

It is surprising that an insti-



The United Nations' relation with its host city is a fascinating study. The United Nations is in New York but it is not of New York.

The last few weeks have been one of those rare periods when New Yorkers become conscious of the world organizations in their midst. For long stretches in between it scarcely impinges on their consciousness except as a slim glass slab adorning the East River.

It is surprising that an insti-

tution employing nearly five thousand people, with more working for the missions of member nations, can have so little impact on a city. The reason is that most of the people who work there set themselves apart.

They generally disdain public transport, preferring their own cars with number plates which allow them to park in spaces denied to mere citizens, yet they still complain about the lack of parking spaces—and about the traffic jams, to which they contribute significantly.

In the autumn nearly every delegation has a cocktail party, usually in the delegates' dining room above the General Assembly Building. At them, you will meet exotic people of many nationalities, but seldom an American, except one or two from the United States mission.

From time to time groups of delegates start agitating for the UN to be moved from New York, citing the excessive crime, heat, cold, dirt and the automotive disabilities I referred to above. It is possible that one of them would indeed be happier somewhere else—perhaps in some global Brasília, a newly created city devoted entirely to the industry of being the world's capital.

New Yorkers would probably miss the UN more than the UN would miss New York, not for political reasons but out of concern for the creature comforts

which its citizens hold dear. Last week when the Government said they would close the Soviet consulate on Upper Fifth Avenue in retaliation against the Afghanistan incursion, people who lived near by said they disapproved of the move, because they would lose the beefed-up police protection which they had been getting since the Russians moved in.

Perhaps the UN's biggest impact on the city has been in the provision of good ethnic restaurants. The streets between 40th and 50th Streets and First and Third Avenues are sprinkled with little bistro-style places which owe their existence chiefly to the UN.

There is hardly a bread of cuisine which cannot be obtained. Asian countries predominate—in recent years it has been the time because of the food here—quite decent Indian food here—but the choice is wide.

(It is not always safe to assume, however, that because the cooking is authentic, so are the staff. I lunched the other day in a Turkish restaurant with a diplomat who was proud of his fluent Turkish, and engaged in intricate discussion about the food in that language with the waiter, who looked swarthy enough. The waiter let him finish before announcing that Turkish happened not to be his language.)

These are, I appreciate, superficialities. The argument about whether the UN should stay in New York will be decided without regard to gastronomic factors.

A part of the reason for its being sited here after the Second World War was that it would nail down the Americans, who had stayed aloof from the League of Nations after the First World War but would find it harder to abandon an organisation whose headquarters was in their own country.

The main disadvantage was not foreseen. It is that the Americans, encouraged by New York's proximity to Washington, tend at times of crisis to look on the UN as a double-edged sword, as an arm, and a rather subservient arm at that, of their own administration. It has been several thousand leagues of a few hundred miles.

Accounts of what happened at the meeting are unclear, but the Secretary-General was ticked off by the President for having the impudence to suggest that sanctions against

Iran would be futile and might even make things worse.

The United Nations is as close to hand as Congress, the Senate and City Hall. Security Council debates are broadcast live on public television. The encourages Americans and their journalists to feel justified in sneering and complaining if it fails to be an effective tool of American foreign policy.

The United Nations has to be somewhere. If it were not here the Americans might ignore it, and who is to say that would not be worse? (I wonder by the way, how the events of the last few weeks would have been effected if its headquarters were in Moscow.)

Imagine that, at the close of these long and frustrating days at the office, Dr Waldheim is given to sitting by the window of his elegant Sutton Place town house, contemplating the giant chunks of ice which drift down the East River. If he does, feeling through his abusive curtains and nursing his bruised *genoux* for the while, he could be forgiven for wondering whether he might be better loved in Geneva, in Rome, in London, in his home town of Vienna, or anywhere.

Michael Leppman





**A chip out the old log**  
**From Mr Timothy Phillips**  
 Sir, I desented logarithms 20 years ago, having found in them a unevoloent intension to torment your minds, concealed behind a thin gloss of utility. Naively, I hoped they would go away, like all evil things should.  
 They have! Well done that silicon chip!  
 Yours wonderingly,  
**TIMOTHY PHILLIPS,**  
 19 Park Avenue North,  
 Hornsey, N8.  
 January 8.





## COURT CIRCULAR

SANDRINGHAM, NORFOLK

January 13: Divine Service was held in Sandringham Church this morning.

The sermon was preached by the Bishop of Carlisle.

Her Majesty presented The Queen's Medal for general efficiency to Mr. Edward VII School, King's Lynn, to Mr. Jeremy Holmes, who was introduced into Her Majesty's presence by Mr. R. D. Greaves, the Headmaster.

The Archbishop of Canterbury will give an address at the memorial service for Sir James Brown which is to be held at All Hallows-by-the-Tower on Thursday at noon. The Bishop of London will also take part in the service, at which the Rev. Peter Delaney will officiate.

A service of thanksgiving for the life of Hilary Countess of Munster will be held at the Church of the Holy Sepulchre, Holborn Viaduct, EC1 (The Musicians' Church) at noon on Wednesday, February 6, 1980.

## Forthcoming marriages

G. C. W. Grimston and Miss K. E. Kettle. The engagement is announced between Charles Grimston, Scots Guards, younger son of Lord and Lady Grimston of Westbury, of the Old Rectory, Westbury, Wiltshire, and Katherine Evelyn, daughter of Major and Mrs. Rupert Kettle, of Piper's Hill, Bishop's Cleeve, Leamington Spa, Warwickshire.

Dr. P. W. A. Hamilton and Dr. N. D. Segal. The engagement is announced between Paul, elder son of the Rev. P. J. R. and Mrs. Hamilton, of Tighnamurch, Argyll, and Naomi, younger daughter of Professor and Mrs. J. B. Segal, of Edgware, Middlesex.

Mr. A. Keown and Mrs. P. Bewick. The engagement is announced between Anthony Keown, CBE, elder son of the late Mr. Richard McArthur Keown and of Mrs. Helen Scott, Law Keown, of Dunoon, and Paula Bewick, (née Cunningham), of Fraser's Hill, Malaysia.

Dr. C. Queré and Miss E. A. Graham. The engagement is announced between Christopher Queré, of Palmer Street, Westminster, and Elizabeth Anne, daughter of Mr. and Mrs. John Graham, of Tree Tops, Back Lane, Malvern.

Mr. C. E. L. Mann and Miss J. Elliott. The engagement is announced between Charles, son of Mr. J. P. Mann, of New York, and of Mrs. Mann, of Horsemoor House, Chislebury, Berkshire, and daughter of Mr. and Mrs. T. J. Elliott, of 54 Reading Drive, Sale, Cheshire.

Mr. C. C. Micklethwaite and Miss C. J. Thorpe. The engagement is announced between Christopher, elder son of Mr. and Mrs. F. Micklethwaite, of Chobham Place, Chobham, Surrey, and Caroline, daughter of Mr. and Mrs. J. C. Thorpe, of Pinehurst, Epsom Road, Leatherhead, Surrey.

Birthdays today. Professor Sir Melville Arnott, 71; Sir Cecil Beaton, 76; Baroness Brooke of Ystradfellte, 72; Lord Catto, 57; Sir Neil Pritchard, 69; Sir Percy Rugg, 74; Dr. Solomon Wand, 81.

## Polarization of views on Christian dogma

By Clifford Longley  
Religious Affairs  
Correspondent

Public and private reaction to the King and Schillebeeckx affairs reveals a deep polarization in almost all departments of Christianity which has little reference to denominational boundaries, and hardly more to such convenient categories as "right wing" or "left wing" or "progressive-conservative".

The controversy generated an exceptional volume of correspondence to the serious press, secular and lay, only a small part of which was published. Taken as a whole it seems to reveal a profound interest in fundamental religious truths, and an equally profound mood of restlessness, whether caused by anxiety in the face of change or frustration faced with resistance to change.

It confounds the traditional journalistic assumption that basic dogmatic issues rouse no interest in the lay public. Even in an allegedly secular age, however, the concept of the divinity of Jesus Christ still seems to excite enormous interest and not a little passion.

Perhaps because of longstanding journalistic neglect, it is clear that the gulf of understanding between ordinary, intelligent members of the public and the present work of contem-

porary theologians is vast. There is also a very considerable misunderstanding of what "orthodox" Christianity is alleged to comprise, so that the context in which theologians like King and Schillebeeckx have to be judged is askew. In an ironic way, it points to the necessity of work such as that done by Schillebeeckx, and to the need for occasional bursts of public controversy to bring such work to wider attention.

The two doctrines of Christianity which cause most anxiety among the cautious and most relieved excitement when explained to the sceptical are the Virgin Birth and the Resurrection. There appears to be a general acceptance that both, and particularly the latter, have to be believed or disbelieved as literal scientific statements, and that any alternative presentation is a denial of the essence of Christian belief.

This denial of literal scientific fact is generally held to be the divinity of Jesus, which is itself understood in the most simple and obvious way.

The strongest criticisms of King and Schillebeeckx, and enthusiastic endorsements for the Roman disciplinary measures they are caught up in, are associated with an implicit or explicit scientific materialism adapted to accommodate

such Christian doctrines as these. It is apparently taken for granted, for instance, that the Resurrection must necessarily involve acceptance of the truth of the doctrine in a scientific sense. Scientific instruments set up at the entrance to the tomb, had they existed, would have recorded... what? A strong body of lay opinion, and not a few clerics, imagine that the only answer must unequivocally be the living body of Jesus, raised from the dead.

The same literalism applies to the Virgin Birth, regarded as a verifiable gynaecological fact, and to the conception of Jesus without the involvement of a human father. In contrast to this literalism, any theologian seen to be offering an alternative is dismissed as offering "mere" metaphor or myth in place of objective reality. There is little understanding of the possibility that in this context scientific materialism and objective reality may not be, from a religious view, entirely identical.

That widely held view may represent the ultimate victory for the "hard" Victorian concept of science, which has invaded the heart of Christian belief and turned it into a popular creed of magic and superstition. It ignores altogether the constant emphasis

on "faith" as the necessary doorway to another realm of reality, which is present both in the Bible and in Christian tradition, and replaces it with the kind of credulity which relishes belief in the impossible, the more impossible the better, as a token of valour.

Much of the attraction of the Shroud of Turin and theological scepticism towards it is a symptom of this invasion of science into religion, perhaps because it relieves the strain on willpower of holding to an apparently impossible belief.

Yet it is clear that neither the Bible nor any element in the Christian tradition has ever maintained that the Resurrection can be approached objectively. But before this specific article of faith can be grasped and accepted (or, indeed, rejected on its demerits) there has first to be an extension of the limits of reality beyond rational reductionism, an acceptance of at least the possibility of another domain where truth can still be true without reference to science.

At least some of the most vociferous critics of Schillebeeckx and King have not made that step, and at least some of those who think their work—particularly that of Schillebeeckx—is a personal revelation and an opening of new doors, have seen the point.

## OBITUARY

### MISS BARBARA PYM

Novelist of distinctive qualities

Miss Barbara Pym, who died on January 11, at the age of 66, was a writer of distinctive qualities who having suffered from ill health and partial blindness for many years, wrote with a clarity and precision that were almost miraculous.

Barbara Mary Crampton Pym was born in Oswestry in 1913, the daughter of Frederick Crampton Pym, and was educated at Hutton College, Liverpool, and St. Hilda's College, Oxford, where she graduated in 1937. From 1938 to 1947 she worked as an editorial secretary at the International African Institute and from 1948 had been assistant editor of the *Journal of African Studies*. She was followed in quick succession by *Excelsior* (1952), *Journal of African Studies* (1953), *Less than Angels* (1955) and *A Glass of Blessings* (1959).

These novels, inhabited by women, generally spinsters, often of a mode of living cognate to that of Miss Pym herself—civil service employees of quiet and unostentatious function—established her in style and though they had no

wide currency gained some reputation for her among the discerning. Her style drew down on her the invidious comparison with Jane Austen. Though this was nonsense, her exploration of her own fairly restricted milieu and her penchant for satirical observation did give a strength to her novels which almost fugitive quality, initially disguised. Her spinster, toiling in obscurity, a trifle sceptical of, though often in spite of it drawn towards men; or, alternatively, but never less entirely bravely, to celebrate a quality of wry grimace, in which the reader is extended to her subtle, penetrating observation of genteel malice and shy and retiring corners in the human character, drew her admirers who were later to be of service to her.

*No Fond Return of Love* (1961), a tale of two women on the verge of being consigned to the shelf, hopefully researching the life of a notable litterateur, was to be the beginning of a long period of absence from publishing for Miss Pym. Conceivably the market's appetite was for more strident entertain-

ment in the novel of the 1960s. At any rate a further novel by her was not accepted. Discouraged, she concentrated on her work for the International African Institute from which she retired in 1974, retiring thereafter to live in Oxfordshire. Her novels went out of print and her name appeared to have been forgotten.

A renaissance in her fortunes came with startling suddenness in 1977 when, to celebrate three quarters of a century of existence, *The Times Literary Supplement* invited a number of well-known writers to select, in their opinion, most over- and underrated novels of the century. Philip Larkin and Lord David Cecil both chose the works of Miss Pym in the 1927 and 1974 categories. Both stimulated interest in her again and encouraged her to continue writing. Earlier novels, *Excellent Women*, and *A Glass of Blessings* were reissued in 1977 and *Barbara Pym finished Quartet in Autumn*, a study of loneliness in the face of retirement and old age, in that year also. This novel was shortlisted for the Booker Prize and the publicity attaching to that had happy effects on the sale of her earlier novels and on her reputation at large. Miss Pym's final novel *The Sweet Dove Died* was published in 1978.

### MR MAURICE RECKITT

C. J. N. M. writes:

Mr Maurice Benington Reckitt died on January 11, aged 91. He was well known as a writer of a circle of friends, though many, he liked to say, "assumed he had died years ago".

Grandson of the founder of the Hull firm that later merged with Colman's of Norwich, the oldest of three children brought up in comfort and Anglo-Catholic piety in Beverley. Delicate health meant that most of his schooling was at home, but in 1905 he went up to St. John's College, Oxford, to read modern history under Ernest Barker. There he rapidly developed the twin interests of his life, "Christian sociology" and croquet. Having briefly earned his living (for the only time) at Ipswich Grammar School, he moved to Oxford to work with G. D. H. Cole on Guild Socialism, in the years before the first war that were heady with political excitement. Come 1914, he was unfit for war service, and combined his studies with London church interests. Already he was linking his otherwise unconnected worlds: the severely secular intellectual life, and the Anglo-Catholic tradition of Christian social thought, pioneered a generation earlier by the Rev. John Stewart Headlam and Neville Figgis, CR.

In the aftermath of the First World War the question was whether he would join his sister Eva as an intellectual and founding mainstay of the Christian Social Movement in Britain. They broke apart and, instead, through his links with A. R. Orage's *New Age* and Chesterton's *G. K.'s Weekly* in the years between the wars, at the height of his powers he became a pillar of corporatist Christian social thinking. He became a mainstay of the Christendom Group, numbering such figures as V. A. Demant, Tom Heron and on the per-

iphery such as Dorothy L. Sayers and T. S. Eliot. The quarterly *Christendom*, which he edited throughout its life from 1931 to 1951, and the Church Union Summer School of Sociology became the main vehicle of his movement, that insisted on the relevance of the Gospel to the economic and industrial problems of the times. The ultimate accolade for this movement was at the Malvern Conference on the "New Order" in 1941, at the pit of the war; the paper Reckitt was to have contributed was delivered in his absence by William Temple. Dr Temple's best-selling wartime paperback, *Christianity and the Social Order*, recalled Reckitt's encapsulation much of the thinking and concern for which Reckitt throughout his long life was at the centre.

His own most important book, *Faith and Society*, published in 1934, was one of over fifty books which he wrote alone or jointly. Along with his history of croquet it has a permanent place.

In later years Reckitt continued to lecture widely. At the age of 70, for instance, he gave weekly lectures to a new generation of unarticulated ordinands from art school backgrounds at Brasenose College. His great cry was that the Church in distress brushed aside in the name of God to bind up the wounds of the world, and to prophesy. It was with this third that his chief concern lay. In his closing years his greatest satisfaction was to see established the Christendom Trust, and the B. Reckitt Fellowship in Christian Social Thinking and its Applications at the University of Sussex to which he has bequeathed his unique collection of books and papers.

He married in 1920 Aimee, who died in 1970. They had no children.

Mr Arthur Bowers, Property Market Correspondent of *The Daily Telegraph* and *The Sunday Telegraph* died on December 13 at the age of 64.

Mr Malcolm Thomas Walker, CBE, HM Ambassador in Liberia, 1963-67, and Consul General, Cape Town, 1967-70, died on January 1.

## Mr Walker seen as the 'cad of Brussels'

### Agriculture

### Hugh Clayton

When Mr John Silkin was Minister of Agriculture, Fisheries and Food, he rejoiced in being described in the corridors of EEC headquarters as "the cad of Brussels". The title would also fit Mr Walker, the present minister, if he did not cut a more spare and agreeable figure.

A more suitable title for him is "the cad of Brussels". That is certainly how he will be seen there when he pursues the policies and ideals described in his speech last week at the dinner on the eve of the Oxford Farming Conference.

It is clear that the United Kingdom is to pursue a purely national policy for agriculture while insisting that it is behaving in a respectable communitarian fashion. Mr Walker demolished the pretensions of the Brussels group by pointing out that a listener could be forgiven for concluding that the Community exists only on paper and that there is no such thing as a common market for any product.

He refused implicitly the long-held view of British farmers that they were prevented from enjoying the fruits of the common agricultural policy only by selfish interests outside the Community. Mr Walker told them in Oxford that other EEC countries made too much profit from the policy to want to change it.

It is understandable if there is reluctance on the part of some of our member countries to attempt radical reconstruction," he said in one of many departures from his script. The spoken version of his speech contained an even more ruthless indictment of policy than the script supplied by his officials. He said that the measures proposed by the European Commission to curb the ruinous cost of the policy "they say nothing whatsoever about the level of support, surely the most fundamental policy," he read from the script. The deepening from it again he added: "If we are going to have increases in the price of milk of X per cent and of X per cent, I do not think that can claim to be a radical reform of the policy."

Walker's speech was long and powerful, but the quieter address given earlier at the dinner by Mr Roy Jenkins was more instructive.

British farmers have already listened to speeches which illustrate the gulf between food policy here and in the rest of the Community. In the past, however, have been delivered in the fluent but heavily accented English of the Community civil servants who congregate in Brussels and Strasbourg. It was a new experience to hear the most profound hopes and desires of the British food-producing industry brushed aside in the suave tones of Balliol and Oxford Union.

Dismissal of the central pivot of British food policy seems remote when uttered in foreign accents. The threat seemed closer when it was posed by a former minister. The minister of the audience was remarkable. When Mr Silkin spoke at the Farmers' Club in London three years ago, his speech was greeted by a number of those who listened to Mr Jenkins in Oxford last week. Many prominent farmers told Mr Silkin that his understating terms precisely what they thought of him.

Yet Mr Jenkins was allowed to put forward policies which would result in the destruction of fundamental British aspirations without a squeak from those who would support them. It had his way. Of course, a meeting at which a minister expects to be questioned is different from a dinner. Yet the farmers in Oxford could have reacted with more than apparent numbness to the prospect, outlined by the president of the European Commission.

Britain and the Community are fully at odds on farm policy. This country will become as nationalist as it claims others to be. At the Oxford Farming Conference three years ago, Mr Jenkins made an attempt to deal, very graciously, from one member state to another.

Mr Walker's policies will bring discord to the Community rather than harmony, or even harmonization.

### Parliamentary notices

House of Commons  
Today at 2.30: Tenants Rights Bill (Second Reading).  
Tomorrow at 2.30: Housing Bill (Second Reading).  
Wednesday at 2.30: Debate on report of the Committee on the National Service (Continued).

### House of Lords

Today at 2.30: Papua New Guinea, Western Samoa and Niue (Miscellaneous Business).  
Tomorrow at 2.30: Debate on report of the Committee on the National Service (Continued).

"There is in principle ample scope for a price policy under which excess production in areas of the Community where high-cost production is relatively low-cost areas, and notably this country, would be encouraged and would expand."

Later in 1977 he said in Edinburgh: "The right level for prices in this country; the right level, that is, for the green pound, is a matter for decision on the basis of national interest. Mr Hayes is now Sir Brian Hayes, Permanent Secretary at the Ministry of Agriculture, Fisheries and Food."

The ideas that he expressed in 1977 are consistent with the national agricultural policy pursued by the British Government. The present British Government, like the last one and like Sir Brian, who has served both, support a policy of increasing national self-sufficiency in food supplies. It is unfortunate that milk and sugar, for which expansion is the desirable herd, are those for which the Community suffers its most expensive surpluses.

The British policy is not in the least communitarian despite persistent claims from this country that it is. There can be no room for a common agricultural policy for one country in its own interest to raise production of foods for which the Community has surpluses. Mr Walker maintains that such increased production is justifiable because there is really no common policy at all.

Mr Walker said in Oxford that there was no true freedom of agricultural trade in the EEC. "We are national sides harmonized," he said. "And the taxation of farmers, a subject with which the Treaty of Rome does not attempt to deal, varies enormously from one member state to another."

Mr Walker's policies will bring discord to the Community rather than harmony, or even harmonization.

# RHODESIA

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## SPECIAL REPORTS



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- **Gold**  
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Friday's close

## IN BRIEF

Iran's oil  
revenues  
at \$1,600m  
a month

Tehran, Jan 13.—Iran's oil revenues have reached \$1,600m a month despite reduced output, Shaikh Ali Akbar Moinefar, the nation's oil minister was reported as saying.

Pars news agency reported the minister as saying: "Despite the fact that Iran has reduced its oil production by about 30 per cent compared with the time of the deposed Shah, oil revenues have reached more than 1.6 billion dollars monthly, which is very satisfactory."

He also said that nations supporting threatened economic sanctions against Iran over the detention of American hostages in Tehran would be denied oil supplies. "Our policy is very clear. Iran will not sell oil to those countries."

Pars news agency also reported that Iran has signed a contract to supply oil to Finland. It recalled that the Finnish National Oil Company was the first European concern to buy Iranian oil in 1971.

**CBI wants more cuts**  
Industrialists are urging the Government to cut more public spending to achieve income tax reductions and lower interest rates. A memorandum is being sent today by Sir John Greenborough, president of the Confederation of British Industry, to Sir Geoffrey Howe, Chancellor of the Exchequer, asking for public spending cuts of between £1,500m and £2,000m in the next financial year.

**German outlook talks**  
West German industrialists and union leaders will meet today to discuss the government's invitation to discuss Germany's economic prospects. This development takes place at a time when this year's round of collective wage bargaining is already under way and is the first time since 1977 that both sides have been represented in force at such a formal meeting.

**Dunlop closure fear**  
Closure of the Dunlop golf ball plant at Stoke Newington, with the loss of 220 jobs is threatened after talks between management and the Department of Trade failed to relocate the plant. Dunlop closed its Stoke Newington plant nine months ago and 2,400 jobs were lost.

**Shipyard jobs threat**  
Sweden's shipbuilding industry wants to cut its workforce from 20,000 to between 10,000 and 13,000 by 1984. The industry shed 31,500 employees in 1975 and 1976 and over the past three years has received 12,000m crowns (about £1,300m) in subsidies, which it already is progressively cutting.

**Profit slump predicted**  
Latest forecasts from the Henley Centre confirm that Britain is in for a lean time in 1980. It predicts output will drop by 1.5 per cent, profits by 26 per cent and investment by 8 per cent and that inflation will peak at about 19 per cent in the second quarter.

**40pc pay rise sought**  
Seven thousand workers at the world's biggest diesel engine plant, Perkins, of Peterborough, are to seek a 40 per cent wage rise. Shop stewards at the plant are also pressing for a 35-hour week and extra holiday pay.

**\$11.6m gas contract**  
A British company, Black, Sivalls and Bryson, of Richmond, Surrey, has won an \$11.6m contract to build four gas treatment plants in Qatar's offshore Dukhan oilfield. Each plant will be able to process a 50 million cubic feet of gas a day.

British businessmen must  
'start from scratch' to  
regain Rhodesian markets

From Ross Davies,  
Salisbury, Jan 13

British business leaders visiting here were told over the weekend that there is no question of Britain regaining its preeminence as Southern Rhodesia's main provider of imports.

It was also confirmed not only that sanctions imposed since 1965 were ineffective in stunting the Rhodesian economy but that British goods other than oil found their way into the country.

A leading Rhodesian businessman, Mr C. G. Tracey, told a visiting delegation from the United Kingdom Institute of Directors on Saturday, "There will be no preferential opportunity (for the British). We will be receiving delegations from other countries in coming months to see the same opportunities. The profitable relationships will be the efficient ones."

Mr Tracey is the president of the Zimbabwe-Rhodesia Promotion Council and the chairman of 20 Rhodesian companies. He was referring not only to export opportunities in Rhodesia itself, where UDI has had the effect of galvanizing local industry into higher output, but to plans after next month's elections to resume Rhodesia's former role as a re-export centre for eastern and central Africa.

His warning was obviously taken to heart by Mr Jim Moorfoot, leader of the insubordinate Rhodesian mission, which was returning to London today after an eight-day tour. Before leaving Rhodesia, Mr Moorfoot, chairman of Kodak-UK, said: "Certainly we recognize that the British businessman (in Rhodesia) is starting from scratch."

Mr Tracey's remarks only amplified those made to me by Mr Brian Stringer, chairman of Air Zimbabwe-Rhodesia which is partner with British Airways in the London to Salisbury air link resumed last week. B.A. has an office in Salisbury since 1971.

Mr Stringer said: "The old supremacy has gone. The market has expanded so much over the last 15 years that the British may well achieve in money terms the same volume of business as before but not the same share of the market." Rhodesian businessmen, he said, would buy British on



Photograph by Brian Harris

Mr Jim Moorfoot: sanctions-busting through third parties.

grounds of reliability, price or delivery but no longer out of sentiment.

Before UDI in 1964 the United Kingdom exported about £31.5m worth of goods to Rhodesia, about a third of that country's total imports. The Department of Trade is hoping for £100m worth of exports in the next 12 months, possibly exceeding illegal exports in recent years but if anything a retreat from pre-1964 levels.

Ironically one hope for this year's British export drive in Rhodesia may be such reputation as British goods have maintained in finding their way into the former rebel colony in defiance of sanctions. But French, German and particularly Japanese companies have a big head start.

Mr Stringer added, in a remark unusual in a country where on paper at least British goods are not to be had: "Almost anything you order

from Britain doesn't come on time."

His remarks were given point by Mr Jim Baker, the secretary of Rhodesia's Ministry of Commerce and Industry, a civil servant to whom ministerial powers have been delegated until next month's elections.

Mr Baker said: "British goods have been coming in from third parties but they haven't exactly been promoted."

What these goods are is hard to ascertain. Despite the presence in Salisbury of Lord Soames, the British Governor, the visiting journalist is still cautioned by the Mozambique government that "it is an offence to refer... to methods of sanctions circumvention."

However, as can be seen in any Salisbury shop, Rhodesia is now self-sufficient in most consumer goods.

It would be surprising, therefore, if these unofficial exports were not of those items listed by Mr Baker, Mr Stringer and also by Mr Moorfoot in a statement released here and in London—that is, capital goods and particularly replacement machinery and plant.

From conversations with Rhodesian businessmen and officials it is clear that the reason more such goods have not been sold here is not because of sanctions. Shortage of foreign currency resulting from the 1974 oil price increases and the pressures of war spending are quoted.

The lifting of sanctions, however, will give Rhodesians free access to world capital markets. Furthermore the cost of Rhodesian exports will be lowered by the opening of the Mozambique border on Saturday. Exports—and British imports—can now use the shorter route through the ports of Beira and Maputo rather than more distant South African ports.

Rhodesia will be free once more to market her high quality chrome ferro-alloys, effectively blocked by American sanctions. Lastly, another prime Rhodesian export, tobacco, will no longer need to be sold at a discount to tempt buyers to circumvent British and United Nations sanctions.

One businessman I spoke to here said of sanctions: "They were a joke. The British never meant them to work. All legality means to me is that the rules go straight from Salisbury to London instead of via Jo'burg or Bern."

Bank union  
criticized  
on merger  
breakdown

By David Felton  
Labour Reporter

The Banking, Insurance and Finance Union (BIFU) has been blamed for the failure of attempts to form a single union in the banking industry.

Criticism of BIFU comes in a report written by Dr Tom Johnston, chairman of the Scottish Manpower Services Commission. For two years the commission has been trying to guide BIFU and the staff associations at three big clearing banks into forming a single union for the industry. The report is to be circulated to bank offices this week.

Dr Johnston produced two earlier reports in preparation for a single union. The second was accepted in full by the staff associations at Barclays, National Westminster and Lloyds Bank, but BIFU, although accepting the basic principles, wanted further investigations.

In his latest report, Dr Johnston says: "BIFU has long been anxious that the authority to which a national union is associated should not be eroded. But it is not in a sufficiently strong position to insist upon the kind of arrangements which it would ideally like, such as the transfer of engagements by members of the staff associations to BIFU."

It has not demonstrated convincingly to the other parties that it has the will to succeed, and to swallow parts of the package which it finds to be blameworthy or wars. The more it huffs and puffs about the need to clarify matters, to resolve any contradictions, and to discuss matters on which my report was silent, the more it is simply arousing the suspicions of other parties as to its good faith."



Mr Lief Mills: unfair report will make things worse.

Dr Johnston says that although the three staff associations have withdrawn from joint discussions, the ball is firmly in BIFU's court; he points out there is a firm foundation for creating a single union.

Since withdrawing from the Johnston talks, the staff associations have decided to set up a new union, the Clearing Banks Union. Dr Johnston says this "demonstrates the will to give up autonomy as well as disavowal of what they see clearly as the prevarication on the part of BIFU."

The report has angered BIFU, whose general secretary, Mr Lief Mills, writes in a letter to Dr Johnston: "I am afraid I find your assessment unfair and indeed its publication can only exacerbate the position."

"You could just as well have said that the ball is firmly in the court of the staff associations in that if they signed heads of agreement with us and got into immediate working parties, then no doubt we could produce constitutions fairly quickly. This is how we see the position."

BIFU, a TUC-affiliated union, believes that the staff associations are not interested in belonging to a "real" union, and the associations are afraid of being swallowed up by BIFU.

Rapid increase in China's  
foreign debts predicted

From Peter Norman  
Brussels, Jan 13

China has the potential to build up foreign indebtedness of \$30,000m (£13,333m) over the next ten years according to a special study commissioned by the Dresdner Bank AG of Frankfurt.

The study, which was drawn up by HWWA, the influential Hamburg-based economic research institute, claims that China need only achieve a modest increase in the share of its exports in relation to gross national product, or a corresponding substitution of imports at present purchased with cash, to lift its potential debt ceiling to such a level.

At a time when international bankers are becoming increasingly concerned at a growing lack of first-class addresses to absorb the big surpluses of the Opec oil-producers, China appears to be a potentially attractive borrower.

The HWWA team spent several weeks in China last year visiting Peking and different provinces. They concluded that

at present China's foreign debt ceiling is around \$6,000m, a finding based on the difference between the 6.4 per cent of gross national product accounted for by cash-financed imports and China's exports which represent 6.6 per cent of gross national product.

China's debt potential would double with every doubling of the 0.2 per cent gap which exists at present between its export and import shares of gross national product. Under what are termed "thoroughly realistic assumptions" the gap could widen to one percentage point and therefore allow a total foreign debt of \$30,000m the study says.

The HWWA believes that China's present borrowing policy is too conservative, even in the unlikely event of the country being unable to expand its export surplus. The \$6,000m ceiling projected under present circumstances is seen as covering a 10-year period with borrowings in the first year amounting to \$3,400m. But according to the institute China plans to borrow no more than \$2,570m at present.

The HWWA recognizes that China has revised downwards its ambitious economic plans put forward in 1978, and that the present consolidation period could be positive for both the country's growth prospects and its debt potential insofar as it is used to remove administrative and other bottlenecks.

But it also suggests that China's policy of industrialization is not ideal and that the country could achieve faster growth by borrowing more to import the investment goods needed for development projects rather than by just importing such products solely to provide new technology.

According to the HWWA the Chinese leadership is studying closely the economic models provided by Yugoslavia and Rumania, while West Germany, Japan and the United States are its economic models in the West.

In Germany's case the study apparently extends beyond business practices. Last Thursday the first-ever delegation of Chinese senior leaders arrived in Germany for a 12-day fact-finding visit.

Manufacturers fear a down turn  
in market for big executive cars  
as discounts and offers spread

By Edward Townsend

European motor manufacturers are viewing with increasing unease the state of the United Kingdom market for executive cars. Sales rose by 25 per cent last year at the top end but are now in the grip of a spate of discounting, special offers and very low used car prices.

With new car sales expected to fall by 12 per cent this year from the 1979 record of 1.7 million there is speculation over which sectors will suffer most. More petrol price increases and the spectre of further taxation of business cars support the view that the most profitable and luxury end of the market will be the worst hit.

However, some observers believe that the slowdown in executive car sales, which has been increasingly apparent over the past months, will halt and those people accustomed to driving Jaguars or Mercedes, mostly at their companies' expense, will not wish to "trade down".

Evidence of the downturn can be seen at the Ford plant at Cologne, West Germany, which produces Capris and Granadas and which has been at a standstill for six of the past 13 weeks, and at BL's Rover plant in Solihull, Birmingham, which is now operating a four-day week.

BL said the shorter week had been instituted to save money, to ease the conversion of the plant's third assembly track to produce the TR7 sports car in March, and because Rover

stocks "may be high for the forecast market for 1980."

BL believes that although the executive market is showing little change, there is a tendency for former buyers of Jaguars and big Rovers to prefer the less costly Rover 2.3 and 2.6, which have been selling well, and Princess models.

Latest estimates from the industry are that in the middle range, which includes the Maxi, Princess, Capri, Granada and the bigger Talbot, demand this year will fall by 20 per cent on last year to about 230,000, a much bigger decline than that expected for the total market.

However, on a market share basis the decrease will not be so severe. These cars total 16.4 per cent of the total United Kingdom market in 1974, rising to 17.1 per cent in 1979 and this year the sector should account for about 15.9 per cent of sales.

The class which includes the smaller Rovers, the BMW 5 series, Datsun 26-2800, Toyota Crown, Volvo 244-245 and Mercedes 200-300, is expected to show a fall in demand of 21 per cent to about 55,000. But the market share will decrease only slightly.

The worst affected, therefore, are most likely to be the big-engined models such as the most expensive BMWs, Mercedes and Jaguars.

Last year's car sales, the buoyancy of which confounded most forecasts, show that in the top executive sector, imported models did better than the domestic products, particularly BL's prestige cars. Jaguar sales plummeted by 38.6 per cent from 10,982 in

1978 to 6,746. The engineering and road haulage strike of last year and BL production problems outside Jaguar contributed to low output.

Rover sales were also hit by a shortage of cars early in the year caused by strikes including a major dispute at the Rover plant. The year's sales of 29,756 were down on 1978 by nearly 6 per cent.

Sales of German-built Ford Granadas, however, were up by 36.7 per cent to 52,091, and most of the importers showed substantial gains. Total BMW registrations rose by 33.8 per cent, Mercedes by 14.1 per cent, Saab by 40 per cent and Swedish-made Volvos by 7.6 per cent. Rolls-Royce and Bentley sold 23 more cars in the United Kingdom than in 1978, a rise of 1.7 per cent.

Mr Michael Lacey, director of Glass's Guide, the motor trade's chief source of price information, believes that, despite the present spate of "distressed selling" of big cars, the share taken this year by executive models will not alter radically.

He quotes figures showing that in 1973, before the oil crisis, cars of 1400cc to 1800cc capacity took a third of the United Kingdom market, but this fell to 29 per cent in 1979. Over the same period 1800cc to 2300cc cars increased from 14 to 16.5 per cent of sales, and those above 2300cc rose from 6 to 7.5 per cent. This, he says, disputes the theory that smaller cars have captured sales from larger models. "The figures show that ownership patterns change incredibly slowly."

Wage rises  
running at  
12-16 pc

Patricia Tisdall  
Management Correspondent

A trend in wage settlements towards longer holidays but few concessions in reducing weekly hours of working was reported by the Confederation of British Industry's pay databank at the weekend. There are wide variations in levels but the majority of settlements are for pay rises of between 12 per cent and 16 per cent, showing no change on the first databank figures in the present series issued early in December.

Agreements recorded in the databank now cover around 4 million workers in the private and public sector. Nearly 40 per cent of the settlements contain clauses allowing longer holidays but in very few instances have employers conceded shorter working weeks. Nearly one third of the settlements include productivity elements and a third also contain measures to adjust differentials.

Employers' fears that the settlement on shorter hours, eventually reached by engineering manual workers last Autumn, would spread to other categories appear to be unfounded. The engineers' agreement reduced the normal working week to 39 hours. How this will not take effect until November 1, 1981. The engineers' agreement also allowed a steady increase in annual holidays from the present 22 days to five weeks from November 1, 1982.

The CBI's data bank questionnaire has provided more information about the factors influencing settlements. For example, the cost of living was considered a very important factor in pushing up the level of pay rises by 50 per cent of respondents. Nearly a third considered the need to recruit and retain labour was an important factor in granting higher wages.

Pay claims this year recorded by the CBI continue at a high level, mainly in the 20 to 30 per cent range. However, as in previous years, claims are proving to be a poor guide to the final level of settlements.

Shipping plan would  
add 7 pc to subsidies

By Peter Hill  
Industrial Editor

Revised proposals for a scrap-and-build scheme for the EEC's shipping and shipbuilding industries are being discussed with the European Commission, but agreement on the scale and form of any scheme is unlikely to be reached before the end of next month.

At its meeting at the end of last year the Council of Ministers failed to agree on a scheme outlined by the Commission, based on 2 million tons of merchant shipping being scrapped in three years with a million tons of new orders being placed.

The aim of the scheme is to improve the competitive nature of the EEC's merchant fleet and secure the jobs of thousands of shipyard workers.

The scheme would have enabled owners to qualify for a payment for each new order—placed with a Community yard—provided that the owner scrapped twice the equivalent tonnage. This would qualify for a further payment, equivalent to the difference between the scrapping price and the second-hand price of the vessels.

Britain has been among the most fervent advocates of a scrap-and-build policy, provided it was operated on a cost-effective basis, on the grounds that it would provide the opportunity for stimulating at least some orders which might otherwise not be placed.

British Shipbuilders has taken a particularly active interest in the plans and has advocated a scheme which would maintain the same tonnage targets spread over an unexpired period. If adopted the scheme could be dropped at any time should market conditions and demand improve. It is generally accepted, however, that the operation of any scrap-and-build scheme would add a further 7 per cent to overall subsidies.

Officials believe that a more realistic scheme could involve half a million tons of merchant shipping being ordered against a scrapping of 1 million tons with the scheme reduced from the original three years to two years. But whether the scheme gets off the ground at all will depend on forthcoming discussions between Viscount Davidson, the Industry Commissioner and officials of the competition department.

Wall Street faces stagflation instead of inflation  
US slump 'will not be severe'

Bank economists are not generally held in high esteem along Wall Street; they have been wrong too often. But Dr Gary Wengowski is a notable exception, he enjoys a solid reputation for thorough, commonsense, analysis and his reports are influential. His latest forecast predicts "a very mild decline in business activity during the next six months."

Dr Wengowski is a partner at Goldman, Sachs and Co and director of economic research. The long-heralded American recession has still not arrived but Dr Wengowski says it is coming. But it is "stagflation" rather than a severe slump that will typify the American economy in 1980.

According to Dr Wengowski the rate of inflation between the end of 1979 and the end of 1980 will be 11 per cent. He sees the rate moderating slightly as the year progresses, but he leaves little doubt that inflation will remain.

He sees some further tightening of general credit conditions in leading to a weakening in economic activity, but he points out that the Federal Reserve Board has not sought to impose a full credit squeeze. He goes to some lengths to argue that the Fed's present policies are

of only moderate restraint and that the Fed is trying to avoid a policy that would cause a steep recession.

Many economists expected a recession some time ago and some expected the United States to be in the middle of a severe slump. Few experts have managed to explain convincingly why reduced savings, high personal debts, record high interest rates and cruel inflation rates did not combine to undermine consumer spending and business outlays and cause a slump in 1979.

Dr Wengowski's explanation is that people still have little incentive to save, but considerable incentive to borrow and spend. He notes that "virtually no fixed-return financial asset presently yields a positive and real, after-tax return to savers, because of the debilitating interaction of high inflation and the present excessive taxation of financial investment returns. Most forms of consumer credit still cost less on an after-tax basis than the expected inflation in the goods whose purchase is financed."

Dr Wengowski and his colleagues say that this does indicate that consumer spending will not fall. But it explains to some extent the recent for-

midable retail sales and suggests that a sudden collapse of consumer demand, leading to a steep recession, is improbable. The Goldman Sachs experts expect a softening of consumer demand based on the regular University of Michigan consumer attitude surveys. The latest show consumers worrying more about savings levels and that the tighter money policies introduced by the Federal Reserve Board on October 6 have tended to dampen consumer spending.

The recent strength of consumer demand has tended to support somewhat greater than expected business investment spending. Dr Wengowski believes that corporations will gradually start cutting their spending plans as consumer demand softens. Indeed, he expects a nominal rise of only 10.5 per cent in business plant and equipment outlays.

Dr Wengowski thinks there will be no sharp business inventory cuts, given the already modest level of business stocks. He sees a mild recession in the next six months, followed by a long, sluggish recovery.

Frank Vogl  
in Washington

Healey & Baker  
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international real estate.



## THE POUND

	Bank buys	Bank sells
Australia \$	2.09	2.02
Austria Sch	25.50	25.50
Belgium Fr	67.50	64.00
Canada \$	2.69	2.62
Denmark Kr	12.55	12.00
Finland Mk	6.68	6.28
France Fr	9.38	8.98
Germany Dm	100.50	95.50
Greece Dr	11.45	10.85
Hongkong \$	1905.00	1810.00
Italy Lit	557.00	532.00
Japan Yn	4.45	4.25
Netherlands Gld	4.45	4.25

Notes for small denomination bank notes: international 124 different currencies, 124 different currencies, 124 different currencies.



## MANAGEMENT

## Adding spice to the annual 'milk round'

The "milk run" begins this week. It is, if memory serves me correctly, a dismal event for both sets of participants.

On the one hand there are the nervous undergraduates, struggling with numb minds to comprehend those requests to explain where they expect to be by 45 (dead?); and on the other there are the weary recruiters, jawing about the efforts of smiling, resourceful, enthusiasm dulled by the diffidence of undecided applicants.

My memories, however, are 10 years old, and I am assured that things have changed a great deal since then.

In one respect the change is evident in the figures. Many more graduates now go into industry and commerce. As the accompanying table shows, of those who graduated from universities during 1978 (the 1979 figures are still being gathered), 45 per cent found permanent employment more or less immediately; and of those about 27 per cent went into manufacturing industry, another 4 per cent into the building business and some 8.5 per cent into the retail industry.

Of course, there are various reasons for the change. The decline in the status of competing occupations (teaching being an obvious example); increased expertise in industrial and commercial companies in giving graduates jobs they want to do; and money.

Among those reasons, however, some weight should almost certainly be given to the foundation, a decade ago, of the Standing Conference of Employers of Graduates and its cooperation with the National Union of Students and the Association of Graduate Careers Advisory Services, in establishing a code of conduct for members. This code is now being revised, for the first time since it was written, and its revision in part reflects some interesting developments in the recruitment of graduates.

## Savings on the company car fleets

Giving cars to company employees may be a cheap way of increasing their rewards, but it is not necessarily a simple matter—particularly when the employer agrees to meet, not merely the initial cost of the purchase, but also the running charges.

Of course, there are big savings to be made from the discounts on buying a fleet; but the costs of managing it will be large. It is the contention of Slough-based PHH Services that it is possible to cut down both the costs and the worry by turning the whole business over to them.

The company offers a service in five parts—advice, finance (through a company jointly owned by its American parent and County Bank), purchase, operation and sale. Of these, it is the first that really distinguishes the company's operations from other forms of fleet management.

PHH now has some 160 clients in the United Kingdom, on whose behalf it operates some 12,000 cars. The whole operation is computerized and PHH says that it has a data bank which indicates quite clearly what sort of a car a client should be using, what sort of performance he can expect from it and what sort of price he can look for from it at the end of its fleet life.

The employee of a PHH client (and the company says that it will take on the management of anything between 50 and 1500 vehicles) gets a service card, which enables

The various provisions of the code—that careers advisory services will treat all students and employers impartially, that employers will provide up to date and non-discriminatory information about their companies and their jobs, that students will turn up to interviews on time, and withdraw formally if they withdraw at all, and so on—were all designed to increase the confidence of all three parties in what is after all, a rather peculiar exercise. That is all well and good—perhaps a little over-protective, but basically sound.

Among these provisions, however, was one under which the career advisory services committed themselves to turning down deals with the commercial employment agencies, unless those agencies conformed to their rules and, in particular, named the employers on whose behalf they were interviewing. That commitment has effectively kept the commercial agencies (except for the occasional specialist, eg. in accountancy) out of the milk round.

This year, however, Brook Street Executive Resources has blown the whole question wide open (and itself into a rather lucrative little area of business) with a scheme which is so patently in the interests of both recruits and employers that the relevant clause in the code of conduct is having to be revised.

Executive Resources (the up-market end of the secretarial agency, though I doubt that Marjorie Hurst would accept the qualification) has agreed to do the milk round on behalf of 15 companies too small to contemplate the grind involved in themselves and one or two big ones, in order to commit their men to the time and expense of visiting "unfashionable" universities from which they traditionally derive few recruits.

Thanks to economies of scale, Executive Resources can save money on the business and its recruiters are in fact to visit 31 universities. The small company in search of a single recruit could not possibly contemplate such a peregrination.

If this experiment proves to be a success (and there is no reason to suppose that bright undergraduates are any less swayed by the glamour and growth prospects of the vigorous small company, than, say, their older brethren in the City), then there is obviously a role for the commercial agency in the business of graduate recruitment—and for the graduate in the small company.

Experience so far this year suggests that, despite forecasts of economic doom, industry in general is prepared to increase its intake of graduates in order to maintain management succession over the longer term. At Cambridge, for example, as against the 298 companies that

came during the 1979 milk round, there are 306 lined up for 1980 already.

But, as those companies experienced in recruiting graduates have found out the hard way, the way to get the best out of them is not merely to recruit and to go on recruiting through boom and bust. As Mr David Jowett, head of training at Esso and chairman of the Standing Conference of Employers of Graduates points out, it's also a matter of using them properly once you have them.

In his terms, what that means is putting them to work at a "proper job" early on and leaving until later attempts to broaden their view.

Adrienne Gleeson



Students at Oxford: more graduates now go into industry and commerce.

### FATE OF GRADUATES WHO TOOK THEIR FIRST DEGREE IN 1978

Destination	University	Graduating from Polytechnic
Further education, vocational training, temp. employment, other	34,674	9,494
Known to have entered permanent employment	28,382	6,976
Of whom:		
Manufacturing industry	7,719	1,735
Building industry	1,232	870
Public utilities	1,134	186
Chartered accountancy	2,739	247
Banking and insurance	1,070	119
Commerce	2,453	1,027
Solicitors (in private practices)	868	50
Public service	7,443	1,349
Other	3,584	1,653
Total:	63,056	16,470

Source: Central Services Unit for University and Polytechnic Advisory Services.

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Adrienne Gleeson

## Education as a way of work

A new approach to management training is nearing completion at Cranfield School of Management. The scheme, called the Cranfield Management Resource, is intended to take management educational programmes into companies themselves.

The courses are intended to be of the same standard as residential ones, but flexible enough to be adaptable to individual needs. One of their main strengths is that they are designed to incorporate line managers' expertise and knowledge, as well as that of company training executives.

Another is that they should allow genuine collaboration between company training managers and the faculty of a business school.

Each programme is designed to run for up to 60 hours—that is, the equivalent of a two-week full-time programme. But it is sufficiently flexible for users to select only six or 18 hours for their specific needs. Training can also be deferred or intensified according to the work pressures on individuals.

It is intended that participants in the scheme will receive attendance credits which may enable them to become eligible for Cranfield's postgraduate Certificate, Diploma or Master of Management and Administration qualification.

The concept is similar to that used by the Open University, where a series of discussions did take place between Cranfield and the Open University about the possibility of a joint scheme. These

for top personnel. Designed for chairmen and chief executives involved in hiring them or anyone trying to measure his (her) own worth against the market. A great deal of information, in an uncomfortable format. Gower Publishing (£9.50 or £15 for two editions).

Industrial relations: an introduction for accountants; an analytical, clear, unpretentious guide to terms and procedures. Available from the Publications Department, The Institute of Chartered Accountants in England and Wales (address as above).

Business Enterprises in the EEC: large amount of information on EEC countries, from type of government to the details of establishing a subsidiary company of a branch, including information on licences and controls, taxes and government assistance, all presented in comparative format. Available from The Publications Department, The Institute of Chartered Accountants in England and Wales, PO Box 423, Charterhouse Accountants, Hall, Moorfields Place, London EC2P 2BJ (£4.95). Rewarding top management: new guide, to be updated every six months, to cash and perks

Patricia Tisdall

## Towards a fresh definition of redundancy

Last November Lord Denning gave a lecture at the British Academy on "Our present discontent, to which he referred, was the law relating to unfair dismissal."

Those who feel most aggrieved by this legislation are employers and managers—especially those involved in the running of small businesses. To them, the legal provisions seem to give so much protection to the interests of the employee, that it is difficult to increase efficiency.

Some of their criticisms are met in the Government's recently published Employment Bill. Among the proposed amendments to the law on unfair dismissal, clause 5 imposes a statutory duty on tribunals deciding whether or not a dismissal was unfair, to take into account the size and administrative resources of the employer. In practice, however, tribunals should be doing that already.

Once the employer has shown what the reason for dismissal was, clause 5 also leaves him of the burden of proving that he acted reasonably. A tribunal will still have to decide whether he was reasonable or not, but he does not himself have to set out to prove it.

New firms, with fewer than 20 employees, get assistance in clause 7, which excludes their employees from the right to take them to a tribunal for unfair dismissal during the two years following engagement of the first employee.

Small businesses should find some (limited) encouragement here. However, it is not only members of the Government who think that the present law is too heavily weighted in favour of the employee. In certain cases members of the judiciary (and not only Lord Denning) appear to think so.

For example, there was recently a case before the Employment Appeal Tribunal in which a possible hydrocarbon deposit in the Malvinas sedimentary basin between the Islands and the Argentinian mainland. The results of the recent seismic surveys indicate only that in some areas the structure and size of the sedimentary section are such as to justify proceeding to the next stage of exploration—ie drilling.

As recent disappointing exploration off the east coast of the United States has shown, until drilling has taken place, it is quite impossible to put forward any credible estimates of possible oil reserves for the offshore area of the Falklands. All responsible professional opinion would reject the estimate of the 1975 Geological Survey to which your correspondent refers, based as they were on a series of quite unsustainable hypothetical assumptions.

Section 81 of the Employment Protection (Consolidation) Act 1978 states that there is a redundancy if the requirement for work of a particular kind has ceased or diminished. In this case, the requirement never came into being.

The BAT said that where management takes a justifiable risk and plans an increase in production, but that increase never comes about, the company should not incur additional penalty in having to make redundancy payments. What is more, they said, public funds (in the form of rebates paid by the Redundancy Fund) should not be used in such a case.

Nevertheless—and here is the rub—the appeal tribunal appears to have thought that the law as it stands might well oblige an employer to make redundancy payments in such circumstances. So they called for a review of the present law.

In Article 1 of the Council of the EEC Directive on Collective Redundancies, they are defined as "dismissals effected by the employer for one or more reasons not related to the individual worker concerned". Were a more restrictive definition of redundancy to be adopted in Great Britain, as the members of the Appeal Tribunal suggest, it would draw out legislation even further away from that of our fellow Europeans.

John Bryant

## LETTERS TO THE EDITOR

## Why onshore exploration has been so slow-moving in Britain

From Michael D. Seymour and others

Sir, Sir Peter Kent and Sir Kingsley Dunham suggest (Letters, January 9), that the nationalization without compensation by the Conservative Government in 1934 of undiscovered hydrocarbons has been successful in encouraging exploration for oil and gas on land in the United Kingdom. They advocate the nationalization of undiscovered minerals. In fact, experience since 1934 demonstrates the opposite.

The United Kingdom contains 89,000 square miles of land of which a very major part comprises sedimentary basins with potential for commercial hydrocarbons. Since 1934 a mere 362 have been drilled and these have resulted in the discovery of only a relatively small number of scattered fields which together produce currently a total of about 2,700 barrels per day. And of this, some 40 per cent comes from one field, namely Wytch Farm. Total onshore production therefore stands at a rate of 0.17 per cent of the production rate from offshore.

Should the United States have had thousands of wells drilled in them? Why? Because in the United States

the landowner generally owns the mineral rights, is convinced that he has oil waiting to be discovered and does everything he can to persuade oil companies to drill upon his land in return for a cash payment and a free share of any oil found.

In the United Kingdom the landowner gets no share of any profits but only a niggardly pension for the damage to his land and inconvenience caused to him, and perhaps a nominal payment for having his land put to use for pipelines etc. If he refuses to come to terms his land may be compulsorily purchased from him. No wonder that despite all the encouragement of the Department of Energy onshore exploration in the United Kingdom has been so lethargic.

If landowners received a share of the profits generated by hydrocarbons found on their land—and perhaps the local community should also receive a share—the United Kingdom would soon receive the serious amount of drilling which it deserves.

The above does not in any way exclude the role of an active Department of Energy supervising operations from an environmental angle. The extent to which one would wish to see

the United Kingdom developed as an oil province naturally must represent a careful balance between conflicting interests. However we strongly assert that the 1934 Act lies behind the fundamentally poor achievements in the search for hydrocarbons.

Following on from this, it would be our clear recommendation that as and when during the next decade the Government wishes to see the nation's indigenous mineral resources developed they should not embark upon such a nationalization programme as Sir Peter and Sir Kingsley advocate. The programme would take away from the landowner the rights which are currently his. If the development of our resources is to be achieved with any degree of success the landowner himself must be allowed every opportunity to join in the operations on his own land and participate in the profits which might arise from them. What is required is legislation encouraging landowners to have their land properly explored.

Yours sincerely,  
MICHAEL D. SEYMOUR,  
ROBERT K. M. KENNEDY,  
FRANK SHARRATT,  
84 Palace Court,  
London, W2.

## Falklands oil: need for a cautious approach

From Lord Shackleton and others

Sir, By injecting controversy into his article of December 17 on Oil in the Falklands, your correspondent, Michael Frenchman, not only gives a misleading picture of the current situation, but more importantly does not pay any regard to the true interests of the Falkland Islanders themselves. We would like to set the record straight on a few points.

First, there is no justification for postulating at this stage the size of a possible hydrocarbon deposit in the Malvinas sedimentary basin between the Islands and the Argentinian mainland. The results of the recent seismic surveys indicate only that in some areas the structure and size of the sedimentary section are such as to justify proceeding to the next stage of exploration—ie drilling.

As recent disappointing exploration off the east coast of the United States has shown, until drilling has taken place, it is quite impossible to put forward any credible estimates of possible oil reserves for the offshore area of the Falklands. All responsible professional opinion would reject the estimate of the 1975 Geological Survey to which your correspondent refers, based as they were on a series of quite unsustainable hypothetical assumptions.

Yours, etc.  
LORD SHACKLETON,  
H. R. WARMAN,  
RICHARD JOHNSON,  
House of Lords,  
January 10.

## Government must state its engineering priorities

From Professor R. J. Sury

Sir, There can be no doubt that national prosperity depends heavily on wealth creating industry in which engineering has a preeminent role. The Finlinton Committee of Inquiry into the Engineering Profession has identified a number of important factors that influence professional engineering training and practice and hence the business attitudes of manufacturing industries.

The report argues that engineering education must be reformed so that engineering practice is integrated; first degree courses should be modified or extended to accommodate this and a small proportion of undergraduates should be selected for special advanced courses involving further study.

Such a pattern for engineering education may be thoroughly justified but the lead time will be long where major changes become necessary. It could be seven years before some institutions would graduate their first batch of the new graduates. Adding time for industrial experience, we approach the end of the century before engineers from the new programmes attain positions of significant authority and can influence industrial thinking.

Fortunately, a few universities have long believed that engineering courses should integrate industrial practice and professional training. Their four-year courses therefore approach the Finlinton recommendation.

John Bryant

Recently some Loughborough among them, have introduced a further year of study for a proportion of high-calibre students. We welcome the intentions of the Finlinton proposals and hope that such education and training will be recognized by the Government as having moved in the direction recommended.

For maximum advantage to be derived from Finlinton or near-Finlinton type of engineering courses it is essential that the Government should act quickly to foster them. The overall cut-back in university funding is leading to a general re-evaluation which could have disastrous effects on the capacity and output of engineering departments. Current planning by universities for the coming quadrennium is having to proceed with so far little, if any, specific indication from government of any particular intention to strengthen or even preserve resources for engineering education.

My colleagues and I hope that the report will now lead to a positive direction being given which recognizes a balance of priorities and the crucial importance of sustaining and hence developing strengthened professional engineering education and training.

Yours faithfully,  
R. J. SURY,  
Dean of Engineering,  
University of Technology,  
Loughborough,  
Leicestershire, LE11 3TU,  
Jan. 10.

## Financial needs of the BSC

From Mrs J. Cohen

Sir, Civil servants do not usually reply to letters in the press about matters of responsibility, but as the assistant secretary responsible for British Steel Corporation finances I feel bound to correct a factual error in the letter from Mr E. H. Woolf published in your columns on January 10.

Prior to April, 1978, the BSC was financed by a mixture of loans and equity capital, and there was a requirement that this equity capital should be remunerated at a rate not less than that which would have been payable on the National Loans Fund loans.

However, since April, 1978, all the corporation's external financial requirements (other than short-term) have been met by subscriptions of capital under the provisions of 18(1) of the Iron and Steel Act, 1975. £1,505m has been subscribed since April, 1978, and none of this carries any interest. The corporation will only be required to pay dividends on this money after a capital reconstruction, as set out in the White Paper of March 1978 (Cmd 7149).

Yours faithfully,  
MRS J. COHEN,  
Department of Industry,  
Ashdown House,  
123 Victoria Street,  
London SW1E 6RB.

## Involving the company's workforce

From Mr Roy Earnshaw

Sir, Mr Colin Minton's letter (Letters, January 7) makes a lot of sense.

The Export Year campaign and its successor, Export United, have been encouraging companies to spend more time in efforts to find ways and means to inform and involve all members of the workforce. The main sponsors are the CBI, the Institute of Management, the Association of British Chambers of Commerce—who seem to find themselves in complete agreement on this subject.

We have been concentrating on exports in these campaigns, simply because our balance of payments looms so large amongst our economic problems. The principles we have been advocating, however, apply equally to all aspects of industry and commerce.

Although progress has been slow, it is encouraging to see both campaigns really coming to feel that there exists a "strong conviction in the mind" of many on both sides that there is real hope of avoiding the much-feared economic catastrophe if we can really come to grips with this problem.

Much has already been achieved, but it is vital that more boardrooms do exactly what Colin Minton suggests, and handle the question as an equal importance to say investment, product and market developments and acquisitions.

Any companies which would like further advice or assistance (free!) are invited to write to me.

Yours faithfully,  
ROY EARNSHAW,  
Export United Trade Board,  
1 Victoria Street,  
London, SW1E 0ET.

## CHECKLIST

Inflation accounting: Current cost accounting standard expected to be published on March 31, to apply from January 1.

Small business mortgages: mortgages of between £10,000 and £25,000 are to be made available to members of the National Federation of the Self Employed and Small Businesses from a pension fund for federation members run by City of Westminster Assurance. Corporate finance under floating exchange rates: an update

## Industry in the regions

## Small businesses must grow to create jobs in Scotland

Large-scale development of small-scale business has been an attractive response to the plight facing some sections of Scottish industry. A number of reports searching for an answer to the massive decline in heavy industry has suggested that small entrepreneurs should be encouraged to set up shop on a wider scale.

It is fair to say that the attention is because the small businessman has been recognized suddenly as a threat in Scottish industry that can be extended, or does it spring from the dismayed realization that labour-intensive factories on the scale of Singer, Goodyear, Massey-Ferguson, Marathon or

any of the other departing giants are about to disappear? The weakening of automatic processes have speeded this change and added to the deep shock felt in the west of Scotland, which has traditionally relied on industries that require many hands and much muscle.

Replacing an operation the size of Singer, which employed 23,000 at its peak and will have about 2,000 by the time it closes in June, would be impossible merely by opening a series of small workshops. So often, as the Midlands can show, the small business relies on a large firm for sub-contract work.

Even so, the Scottish Council (Development and Industry), BSC (Industry), Ltd, and the Scottish Development Agency, which has a division devoted to small businesses, have all recently underlined the importance of encouraging this spectrum of industry. In rural Scotland, the Highlands and Islands Development Board has promoted a large number of craft workshops and other small ventures, with the aim of encouraging industry and preventing further drift from the region.

Businesses employing fewer than 200 people account for 98 per cent of all Scottish companies and for almost 60 per

cent of employment, but the record suggests that Japan, Germany and America establish small companies at a faster rate in spite of the Government encouragement provided in Scotland.

Ventures judged to be worthwhile may receive financial help from the SDA small businesses division at interest rates normally available only to Blue Chip companies. There is also a wealth of expertise and advice provided through the agency, but a scarcity of ideas coming forward. A New Venture Executive, set up with a backing of risk capital to help technological advanced ideas, is still searching for his first

idea that is both good and commercially sound. But earlier enterprises helped by the division have prospered. A firm now employing 25 making machines for ultrasonic approach £100,000.

Mr James Gassett, joint managing director, commented: "Small is beautiful only for a while. If small industry is to be successful, it has to become big. If we failed to grow in the space of time, we would die, simply because we are competing in a marketplace where giants dominate. Small companies are a bit like ferrets fighting bigger animals."

Ronald Faux

## Interpretation of the Employment Bill

From Mr M. Hopkins

Sir, While we can only speculate on the future uses and abuses of the Employment Bill when it becomes an Act, I would like to make an amendment to Mr Sansom's interpretation of Clause 6 (January 4) but in agreeing with the interpretation in relation to The Times report of December 20.

Clause 6 does, among other things, restrict the operation of S.58 (3) of the Employment Protection (Consolidation) Act 1978 which makes dismissal in pursuance of a union membership agreement (UMA) fair (with an exception). It says that... dismissal shall be unfair... If the agreement has not been approved in accordance with S.58A (ballots on UMA's the 80% clause) and

another ground not here at issue.

The point is that once the dismissal and its reason have been established as coming within the clause, the tribunal must hold that the dismissal was unfair if it is not at the discretion of the tribunal as may be suggested by Mr Sansom's valued comment. The tribunal's discretion may be exercised (within given limits) in deciding the amount of compensation due.

What this clause of the Employment Bill really does is to throw the responsibility for deciding the terms and conditions of employment of an employee, where it should be on the employer, to the Bill merely sets some minimum

standard and names the price for failure to achieve it—it does not stop the conclusion of a "closed shop" with less than 80 per cent support in the same way that the Theft Act 1968 does not stop a thief from stealing his neighbour's car, it merely sets out the penalties.

Perhaps we, as employers, should not seek to hide behind the law but should judge by our own consciences what is "fair and reasonable" in relation to our employees.

Yours faithfully,  
M. HOPKINS,  
Personnel Manager,  
The Wilton Royal Carpet Factory Ltd,  
Wilton,  
Barnsley,  
S22 0AX.



BY THE FINANCIAL EDITOR

## Stamp duty without exchange control

Whether it is recognized by the Government or not, the ending of exchange controls has removed yet another of the props from the Stock Exchange. The Stock Exchange has long campaigned for this disincentive to small investors in particular to be removed, and did actually succeed so far as fixed interest securities were concerned.

In theory the ending of controls means that United Kingdom investors can simply bypass the London market—and so stamp duty—by buying United Kingdom securities through overseas bourses. In practice it is not as easy as that since it can only be done through a dealing company registered abroad and United Kingdom stockbrokers report few signs of this happening so far.

But as long ago as 1976 the European Commission recommended that the minimum level for stamp duty should be 0.6 per cent which is the highest rate ruling in an EEC country (France) compared with Britain's 2 per cent. Because it is collected by stockbrokers, stamp duty is a relatively efficient tax but some big institutions like charities and short-term operators are exempt.

The Tories have been consistent critics of stamp duty on house purchase. One wonders whether political expediency—in this case the need for tax revenues (stamp duty yields something over £400m), in the face of the apparently widening public sector borrowing requirement—will again overcome principles.

In fact, after 40 years of refining exchange controls, it could hardly have been expected that their virtual overnight dismantling would have been effected without raising issues such as this, and it is beginning to look, as though their abolition was based more on political conviction than any real attempt to think through the full implications of the change.

First there was the Governor of the Bank of England's polite warning to the banking system not to allow corporate customers to "escape the control restrictions through borrowing overseas." If the proposed changes in the monetary control system had been introduced before the ending of exchange controls, this would not have been necessary.

The clearing banks, who would circumvent such a request at their peril, have been particularly critical at the competitive disadvantage this puts them in compared with foreign banks in London, who, in the case of the American banks at least, have been whittling away the clearer's corporate share in recent years.

Second, the Bank of England has issued guidelines to the banking system about what its prudent foreign exchange exposure should be. Some of the clearing banks at least feel these are unduly restrictive especially when the year supposed to enjoy complete freedom in the management of their currency holdings.

Then last week there was the Inland Revenue's change of direction in not allowing United Kingdom companies borrowing in the Eurobond market to pay interest gross of tax. The Revenue's argument that it is a nonsense to allow one United Kingdom resident to pay interest gross to another is perfectly reasonable.

But it completely misunderstands the nature of the Eurobond market where the *raison d'être* of floating issues free of withholding tax is that they are made in several countries at once.

If they were subject to withholding tax, the after-tax yield would vary from country to country depending on double-taxation agreements so making it almost impossible to issue a bond that would appeal to investors with varying tax positions.

No doubt the revenue was more influenced by the fact that Eurobonds are in bearer form where there is no record of ownership and interest payments difficult to trace. But the net result is that foreign borrowing by United Kingdom companies, which exchange control removal was supposed to encourage, will be more expensive if overseas finance companies have to be set up while British investors can go on buying non-sterling Eurobonds on exactly the same terms as before.

So far special steel groups like Aurora, Johnson Firth Brown and smaller firms like

Neepsend and Spencer Clark have been allowed to carry on more or less normally. But it would only be a matter of weeks before shortages of strip in the car and consumer durables industries led to a drying up of demand for specials.

Meanwhile, companies with sufficient melting capacity to be considered BSC competitors like Lonrho's Dunford subsidiary, GKN and also JFB, arc, at least as far as ISTC headquarters is concerned, free to carry on their business so long as they do not attempt to exploit the situation.

But this could change tomorrow when the ISTC is set to consider extending the strike into the private sector.

How long a shutdown some special steels groups could endure is a moot point. Many are carrying heavy borrowings already. Aurora, which rounded off a substantial rationalization campaign in the Sheffield Belfour last year, is now 90 per cent geared. Johnson Firth Brown's gearing is close to 70 per cent although, like Aurora, it has passed its spending hump and had until the BSC debacle been expecting to start chipping away at a £19m overdraft this year.

If the strike really begins to bite much also depends on what sort of support might be given by institutions—particularly in the case of Aurora, which has been something of an institutional protegee. Certainly, there was evidence of institutional support for engineering companies during last year's strike.

Meanwhile, though, historic yields in the 15 to 17 per cent range are common in the sector, though justified given the risks.

### "Insider" laws Incidental damage

Legislation on insider dealing has been under consideration for the best part of a decade: but in the event it looks like making its way onto the statute book in something of a rush. Detailed legislative proposals were published only a couple of weeks before the Companies Bill itself, and though there were in substance little difference from the proposals put forward in the *White Paper* in July 1978, this hasty procedure has given rise to a certain amount of tut-tutting in the more chaste recesses of the legal world.

That said, there has been no significant criticism of the drafting: the controversy, insofar as it continues, still hinges on the Bill's intent.

There are two drawbacks to the insider dealing clauses as they stand. The first is almost certainly endemic to any proposals to tackle this problem by way of prosecution after the offence: namely, that a fair amount of incidental damage is caused whenever a hammer is taken to crack a nut.

Some of that damage has been foreseen. Hence the Stock Exchange representations—reflected in the legislation now before Parliament—on the role of jobbers and investment analysts.

In one particular respect, the proposed legislation could have effects directly contrary to Government intentions in other areas. Because not only directors but also all other employees are liable to prosecution if they deal on price-sensitive information—and the onus is on them to prove that they did not know it—participation by employees in the ownership of their companies is almost certainly going to be a trickier business henceforth.

The problem could, of course, be side-stepped, by a decision to apply the Stock Exchange guidelines on the "safe" periods for dealing; but the net effect of such restrictions will still be to make shares in the companies they work for less attractive to employees.

It is, of course, unlikely that there will be any threat to the share dealing of the great majority of employees. Experience abroad suggests that prosecutions under insider dealing legislation are almost invariably confined to the high earners; and there would obviously be practical difficulties in monitoring the dealings, never mind the intentions, of the whole of a workforce.

But then, that takes us to problem number two: can (and will) this legislation be enforced? And is there any point in having it on the statute book if it turns out, like the litter laws, to be a dead letter?

It could be, as Dr Barry Rider of the Institute of Securities Laws suggests (and as American practice requires), that the best way to tackle the abuse of privileged information, is not to prosecute those who perpetrate the abuse, but to spread the information in the first place.

## Fourth TV channel not an easy choice

The Government faces a dilemma over the future of the fourth television channel, a topic which was the subject of renewed speculation late last week.

If we really do see a second commercial channel in operation from its planned start in January 1982, it can only be financed either at the cost of considerable loss of revenue to the Exchequer or the establishment of a system which threatens the companies of ITV 1 and, ultimately, the BBC.

There is one additional choice for the Government and that is to postpone establishment of the channel until happier times. This is not inconceivable despite the Home Office's insistence that a Fourth Channel Bill will be published in February.

It is perfectly feasible for the Home Secretary to outline his ideas for the running of the channel in such a Bill and then leave a date for its formation until some unspecified time in the future.

What has brought the fourth channel question so swiftly to the head of the Cabinet is the sudden realization that it will prove a costly exercise and one which may prove hard to justify in the light of other government economies.

### Public cost

The Conservative Government when it came to power last year quickly overruled Labour's plans for an Open Broadcasting Authority and decided to hand the fourth channel over to independent television.

Such a decision was only to be expected in the light of the new Government's dislike of state institutions.

But all that now looks shaky in the face of a pragmatic assessment of the public cost of the new channel. True, it will receive no public funds and will be financed solely from the revenue of the independent companies under the proposals of the Independent Broadcasting Authority.

What has become increasingly clear, however, is that such a method of financing will drastically affect the amount of levy paid by the companies to the Exchequer.

The Government, which last year received £69m in levy, could lose substantially. Faced with that kind of prospect, the Prime Minister must be expected to question whether a new television channel should remain one of the country's priorities.

The other alternative is to make the fourth channel self-sufficient, which instantly relegates it to just another commercial network competing with ITV1 for advertising.

That would be the first step down the road to the creation of an American-style broadcasting system in which ratings ruled all.

### Relegated

The BBC, already falling behind the commercial companies in the money available for programme-making, would be permanently relegated to the position of a low budget culture channel.

And the operators of ITV1 would have to stoop to the lowest audience-grabbing denominator to win advertising revenue from its new competitor. The greatest irony would be that those who suffered most would be the free enterprise adherents whose organization and insistence brought about the creation of independent television in the 1950s.

Small wonder, then, that many television executives would rather see the fourth channel put on ice than that there should be an advertising free-for-all scrum.

David Hewson

## Pressure for a 'middle way' in consumer protection law

In the field of consumer affairs, which has generated much legislation in recent years, the fashionable thing now is to call for a new, third, or middle, system of law.

The Consumers' Association has canvassed the idea for some time. Mrs Sally Oppenheim, the Minister of State for Consumer Affairs, has gone on record approving it. The Retail Consortium has called for it, and the Commercial Legislation Monitoring Group, formed among major business concerns to protect the cost of consumer legislation, welcomed the idea.

Today the policy committee of the Institute of Trading Standards Administration meets to discuss what its attitude should be to this system of law others are so keen to espouse.

So what is it? And where does the desire for it spring from?

David Teach, the legal officer of Consumers' Association, is probably the person who has been talking about it longest and most enthusiastically.

He is a formidable champion for any legislative reform.

But in his effect something so ambitious-sounding as a whole new system of law? His argument, at least one of them, is that it is wrong that consumer protection in Britain depends so heavily on the criminal law.

At present the sanction the customer uses in his attempt to get his money back or

obtain other satisfaction is either the threat of civil suit or bringing in the trading standards authority, which can result in a criminal penalty. Breaches of complex labelling and price marking regulations are crimes even if the public does not equate them with rape and murder.

How much more speedy and efficient it might be, Mr Teach suggests, if enforcement officers had the power to settle infringements on the spot, without bringing costly court proceedings.

"Intent to defraud should always remain a crime", he says, "but not infringements which are really unintentional and accidental".

Such things do already happen. Tax commissioners already have power to deal with those who inadvertently omit something from their income tax return. The taxmen can settle the matter by pointing out to the taxpayer that he is in the wrong and suggesting an acceptable administrative penalty to clear the record.

It is this aspect of removing the criminal element that attracts support for the idea from the other side of the buyer-seller relationship.

Richard Weir, director of the Retail Consortium, thinks it appalling that in the last year for which figures are available (1977) there were more than 3,000 prosecutions and nearly 7,500 convictions for non-indicative offences under the principal consumer protection laws.

He claims that the difficulties between non-indicative offences, those dealt with by summary trial by magistrates, and indictable offences (dealt with by the crown courts) is akin to the difference between a parking offence and dangerous driving. "And prosecutions for indictable offences in the consumer field are really tiny".

This interpretation would not be universally accepted. Some trading standards officers, (they are responsible for bringing prosecutions in the field) have to take even the worst cases of trader rogues into magistrates' courts because the queue for the crown courts is so long.

Mr Weir believes the middle system of law should evolve from the existing legislation administered by the Office of Fair Trading. Under Part III of the Fair Trading Act, the Director-General of Fair Trading has power to take action against persistent offenders by requiring them to give public undertakings that they will desist their malpractices.

If they repeat the offences thereafter, he can seek an order from the Restrictive Practices Court, and if they breach that they will be in contempt of court and the court will punish them.

Mr Weir would like to see this procedure adopted to provide statutory back-up to voluntary codes of practice agreed between trade associations and the Office of Fair

Trading. He also thinks the director-general should be free to oblige compliance with the codes even on traders who are not members of the associations that have agreed them.

Mr Weir adds though that he would be worried by the implications of a wide extension of administrative law. "The licensing of traders, as in France, would not be acceptable here."

Mrs Oppenheim's concerns are twofold—first, speedy and inexpensive redress for the consumer, and secondly protection for the small businessman in a confusing world.

"It is a matter of exemptions", she told me. "Small businessmen should not find themselves hauled before the courts for technical offences in a complex area of law."

What she had in mind seemed to parallel the Department of Trade's present proposals to give dispensation from full auditing requirements to small proprietary companies. Others would prefer that the nature of the offence rather than the size of business committing it should decide in which court of law it should fall.

The debate about the third system of law has just begun. Perhaps now is the time that some body with a proved ability to research complicated issues, such as the National Consumer Council, should set to work to assess all the implications.

Robin Young

### Raymond Nottage

## State pensions: was contracting out a costly blunder?

EFFECTS OF NO CONTRACTING OUT ON NATIONAL INSURANCE FUND'S SOURCES OF INCOME IN 1980/81

	Contribution rates 15.75% With contracting out £1,000m	13.1% With no contracting out £1,000m	Difference £1,000m
Contracted Out (10m)			
Contributions on first £23 of weekly pay	1.88	1.57	
Contributions on pay between £23 and £165 a week (£6.75bn less £3.0bn)	3.75	5.81	
	5.83	7.18	+1.55
Contracted In (14m)			
Contributions on first £23 of weekly pay	2.64	2.19	
Contributions on pay between £23 and £165 a week	3.83	3.19	
	6.47	5.38	-1.09
Total net contributions	12.10	12.56	
Treasury supplement	2.70	2.28	-0.44
Income for benefits payable	14.80	14.82	

Notes  
1. The contracted out employees have higher average earnings than the contracted in, and this should be borne in mind in considering the figures for the contributions on pay between £23 and £165 a week.  
2. With the 13.1% contribution rate and no contracting out, income from contributions would need to be £12.56bn. To this would be added £2.28bn as the Treasury Supplement (18% of contributions), so producing the £14.80bn to meet the benefits payable.

Fund the following main features:	£m	Private Public Sector (millions)
Gross contributions before allowing for contracted out reductions	15,100	12
Add Treasury Supplement—18% of gross contributions	2,700	2
Deduct contracted out contribution reductions	17,800	17
Income for benefits payable	14,800	7

Without the contracting out option a standard joint contribution rate of 13.1 per cent plus the Treasury Supplement of 18 per cent would meet the benefits payable. The accompanying table shows the consequences of changing to this arrangement and so reducing the national insurance contribution rate by 2.65 per cent.

The contracted in employers and their employees would pay £1,100m less than under the present system, and the Treasury would save £450m.

Even harder hit, however, would be the employers who decided to contract out 40 per cent of the nation's work force. In 1980-81 they will have to fund through their own schemes liabilities for pensions in the £23 to £165 a week band, respon-

sibility for which they chose to retain, at a cost of some £3,000m.

The saving to them and their employees in national insurance contributions would be only £1,550m, however, representing a rebate of 3.6 per cent compared with the 7 per cent the scheme was supposed to offer; which means that they themselves will contribute £1,450m or £145 per employee towards the rebate of £3,000m—or £300 per employee—to which the scheme formally entitles them.

This situation results from the contracted out employers and employees having to pay an extra 2.65 per cent in the contribution rate on the first £23 of weekly pay and receiving a rebate of only 4.35 per cent (7 per cent less 2.65 per cent) in the contribution rate on pay between £23 and £165 a week. Could it be that they find themselves in this unhappy position because their experts failed to tell them about the self-inflicting cost of mass contracting out?

What recompense can the nation's employers, workers and taxpayers expect for the £3,000m that the contracting out option will cost them in 1980-81? None, it must be said, that is readily discernible from the DRS literature about the scheme.

As already indicated, the Government Actuary's 1975 assessment made it plain that there would be no pay-off within the next 30 years. On the prospects thereafter only the silence is eloquent.

The Government, in its desire to reduce public expenditure and to invigorate the private sector, will presumably consider early amendment of the scheme to eliminate the burdens that contracting out now imposes.

Short of this, it would seem the contracted in companies and the Treasury half the present extra cost that falls on them by requiring all public sector bodies to stop contracting out of the state scheme and to emulate companies such as B&T Industries, GEC, Glaxo and RTZ, which contracted in and modified their own schemes accordingly.

Loud and influential voices would, of course, be raised against any such changes, and the contracted in employers who are being taxed so unjustly and unnecessarily by their contracted out brethren would be unwise to remain idle and uncomplaining. One thing they could do would be to form an Association of Contracted In Employers to promote a wider understanding of the scheme's financial implications and to campaign for its early reform.

Such an association would speak for most of the nation's wealth producing companies and their employees; it would aim to lighten the load that the new scheme had heaped upon the unsuspecting taxpayer's weary back; and it would be a much-needed friend to those who believed, despite the Government Actuary's assurances, that the contribution rates, that contracting out could be a viable option.

The author was formerly Director General of the Royal Institute of Public Administration.

## Business Diary profile: Plain speaking from Peter Green of Lloyd's

If Ian Findlay, Lloyd's last chairman, had one of the toughest terms of office in the market's 300-year history, his successor, Peter Green, faces a still tougher ride.

The difference, however, is that unlike Findlay, the 55-year-old Green knew exactly what he was letting himself in for when he took on the trappings of office at the beginning of this month.

A whole series of scandals and disputes, among them the notorious Savanna affair and the financial disaster involving the Sasse syndicate, all conspired to break almost before Findlay had time to settle into the chair.

On top of that the huge American insurance broking groups chose just this time to make what seemed a concerted attack on the market's rules covering involvement of foreign firms.

Now thanks in no small part to Findlay's efforts, the major problems besetting the market have at least been identified. It falls to Green to help find the solutions and carry them through.

Traditionalists in the market see him as the right man for the job. Tough, uncompromising, even a shade bullying, he is above all an "underwriter" through and through. This is of no mean importance in some sections of the market, where the appointment of Findlay, a broker—and there, for, in the eyes of some of the old guard, a lower form of life—ranked noticeably.

The old guard treasures the exclusivity of its "club" and doesn't relish the lower orders barging through the green bezie door.

Whatever Green thinks, he does not publicly subscribe to the view that broking intermediaries must be kept at arm's length and indeed himself on the board of Hog Robinson, a leading Lloyd's broking firm.

Nonetheless, he sees the market's dilemma over exactly how much power the brokers should be allowed to wield in the market place as one of the most serious problems confronting him and his committee.

Last week found him wading through a welter of documentation and press cuttings on the proposed bid for British broker, C. T. Bowring, from the American giant Marsh & McLennan as if in search of the key to an insoluble riddle.

The problem is that if it lets all and sundry into its market place, Lloyd's may see its way of doing things largely by word of mouth come under intolerable pressure. If it does not give in to American takeover ambitions, however, it risks inciting the wrath of providers of almost half its £2,000m a year of insurance business.

Green has found the key he is not telling. "If it was just a case of Marsh bidding for Bowring in isolation there would be no problem, but there are others around who want to get into the market and some of them are rapists", he said.



Peter Green: a penchant for the robust language of an underwriter.

Whatever the outcome—and a working party is expected to come up with some sort of an answer by April—observers of the Lloyd's scene are expecting a fairly entertaining two years with Green in the chair.

Like some of Lloyd's less recent chairmen he has a deadpan sense of humour and a penchant for the robust language of an underwriter.

is the only other person in the house

an underwriter in the market, like his father before him, Green thinks problems like the Sasse affair represent nothing new and is openly keen to press suggestions that the market's current problems are a significant threat to the Lloyd's establishment.

Referring to the Sasse syndicate losses of £20m and potential computer leasing losses of perhaps as much as £150m, he said: "Back in 1906 the San Francisco earthquake cost us \$100m. That's about a billion dollars in today's money and we came through that one all right."

He is however deeply concerned about suggestions that moral standards have noticeably slipped in recent years and says he is determined to return the market to its old values through education and discipline.

"The only other alternative would be for all the underwriters to sit with tape recorders in their boxes recording every conversation and that would not be practicable."

In a year in which the Lloyd's chairmanship will be particularly onerous it is ironic that one of the chief "perks" of the chair—honorary membership of the Royal Yacht Squadron—will mean little to Green.

A one-time keen ocean racer he has been a member of the squadron for years.

Richard Allen

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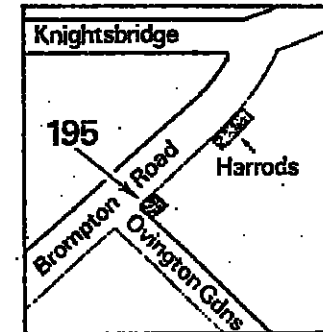
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## FINANCIAL NEWS AND MARKET REPORTS

To a few people the power of prophecy may be given. To even fewer is given the capacity for recognizing the realization of a prophecy. Thus the champions of gold are still bemused by the response to their predictions. Speculation there certainly is. But are we also witnessing an entirely new phase in the history of gold? Will we look back on the recent period as one in which the market established itself on a permanently higher plane?

Not without hesitation, investors in gold mines appear to be supporting the latter view. Over the last month the metal has risen about 46 per cent, but the average increase in the price of South African gold shares is only about 25 per cent.

While gold fell below \$600, rose again, then repeated the process, investors hung back. But by the end of last week surging demand in the sector suggested that the mines were regarded as fundamentally underpriced in relation to gold.

An immediate enticement is obviously the March and April results.

## Mining

The market is talking of an average gold price for this quarter of as much as \$650. Certainly, \$550 looks realistic, and at that price the sector's average yield would be 26 per cent. So if one takes 20 per cent as the historical rating for South African mining, most of the shares still look pretty cheap.

The December results from Consolidated Gold Fields' mines make the point. Profits rose strongly on the back of a received gold price up 27.7 per cent to almost \$400. The impact on the high quality mines such as West Driefontein and Kloof was spectacular: West Driefontein's profit increased from R87.3m to R114m, and Kloof's working profit went up from R48.5m in the previous quarter to R65.3m.

These sorts of results will doubtless be duplicated at the end of the current quarter. It is indeed a good time for Deelkraal, Gold Fields' new mine, to go into production. But the interest will come from the marginal mines. Venterpost, for example, another Gold Fields possession, not long ago receiving state assistance.

## Gold could be entering new phase in its history



Higher gold prices mean longer mine lives but implies dividend restraint.

Its profits shot up in the last quarter by 27.7 per cent to R7.85m. After being forced to abandon work on the Middelval area adjacent to the mine in 1976 because of the low gold price, it is now possible to look again at extending the mine.

The mining houses and individual mines are naturally happy at the prospect of being wanted again. But their pleasure is not unalloyed. For a high gold price, especially if permanent, poses some real dilemmas.

If profits go up, so do taxes. Higher prices mean longer mine lives, but capital expenditure on developing new mines implies dividend restraint. A desired level of profitability, investment

and dividends can be reached by juggling ore grades, reefs and leases many ways.

The most important consequence of a generally higher gold price range is that the mines' lives will be extended by 15 or 20 years. In itself, this is one part of the mechanism by which supply adjusts to meet demand.

But at Kloof a completely different mining technique is used. The "long wall" plan means that a whole face is cut with less attention to the ore grade in the various reefs. Controlling output and profits by switching grades is therefore harder.

Such considerations suggest that if gold is in fact not just another peak on charts but is in a new range the gold mine sector will need careful study. A good quality mine remains a good quality mine.

But as the soaring fortunes of Durban Deep and Lorraine show—up 60 per cent in price over the last month—the previously speculative stocks could acquire a certain respectability. Prophecies, if realized, are not necessarily respectful of received wisdom.

Michael Prest

the increase in profits from higher gold prices can be reflected in dividends. This is especially true of the marginal mines.

At some, Libanon being an instance, low profitability over a long period has resulted in little investment. To realise the mine's new potential, profits will have to be retained.

If investors want their jam to savour over many years, therefore, they may be well advised to forgo a little of it today and in the near future. To some extent, however, they will have no choice. The taxman will see to that. Gold Fields reckon that the average tax rate on West Driefontein, one of South Africa's most successful gold mines, was 69.4 per cent in the last quarter, with a marginal cost of 70 per cent.

Under the current tax system, to which we shall return soon in this column, different parts of a mine can be taxed on substantially different bases. Oddest of all, tax allowances for investment depend on profits against which allowances can be made in the first place. Each mine is assessed differently.

Each mine is different in another important respect: higher gold prices allow more discrimination in which parts of a mine to develop. Less ore, or more ore of a lower grade, has to be mined to maintain profits. This leads to intriguing problems. At West Driefontein, for example, although the ore grades are beginning to fall, so extra investment is vital.

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Michael Prest

## A busy time for the indicators

The consumer spending boom and its effect on company profits is highlighted this week when two of the big hotel and leisure groups, Trusthouse Forte and Grand Met, announce full year profits.

In addition, another busy week is in store among the economic indicators, starting on Tuesday with the balance of payments and overseas trade figures for December from the Department of Trade and the Central Statistical Office. On Thursday, the CSO publishes consumer expenditure for the fourth quarter and the Bank of England releases the United Kingdom banks' assets and liabilities and the money stock for mid-December. Finally, on Friday, comes the retail prices index, from the Department of Employment and the index of industrial production for November, again from the CSO.

The first of the major company reports comes on Wednesday, with full year figures from Tate & Lyle. Here the experts envisage a downturn in pre-tax profits from last year's £25.6m. Estimates for the full year to September 30 vary from £20m to £22m, although this will include the profit realized on the sale of its subsidiary, African Products, for £4.9m.

So if this figure is stripped out it leaves profits of around £16m to £17m. The main problems surrounding this sharp downturn include the poor performance of the group's raw sugar trade, the consolidation of its African interests and the sharp rise in interest rates.

But prospects for the current year look good with most analysts claiming that profits have now bottomed out. Several projects sugar well for this year including the rationalization of its refining interests and the group's recent expenditure in the United States. This, coupled with a fall in interest rates, should see the group go some of the way towards a recovery.

Also on Wednesday is the interim announcement from Magnat & Southern, the joint venture group, which is the year's first case range from £12m to £12.75m compared with £9.2m last year. Looking ahead to the full year at the end of March, analysts anticipate profits for the second half in line with those of the first half, but also put them somewhere around £25m against £19.2m last year.

The group should have would be the opposite when it



Mr Samuel Oxford, chairman of Magnat & Southern.

recovered from its slow start to the year as a result of the harsh winter conditions helped by the boom experienced in D.I.Y., in which the group is now heavily involved.

Like most timber companies the strength of sterling plays a big part in the final outcome of group profits. However, while Magnat & Southern would benefit with lower costs and better margins as a result of a stronger pound, the effect

## This week

came to the import of soft woods.

Looking ahead, the group is expected to see problems caused by the slump in the construction industry partly offset by its D.I.Y. interests which now account for 50 per cent of turnover.

Finally, on Wednesday, comes the first of the big hotel and leisure groups reporting, Trusthouse Forte. Profits in this case will depend on just how much the group benefited from the recent consumer boom and here observers look for something in the region of £60m to £70m. This compares with the previous year's figure of £55.5m.

Just how high profits rise will depend largely on just how well the group's UK hotel interests have performed. Earnings from this side now account for about 50 per cent of total profits.

Nevertheless, the group

should benefit from its recent expansion into the lucrative US market where it has already acquired a string of hotels and a catering chain. Finally, on Thursday, we see the other of the major hotel and leisure concerns when full year figures are revealed by Grand Metropolitan. While Grand Met has the largest number of hotel rooms in the United Kingdom, very little improvement is envisaged on this side. The bulk of the improvement is expected to come from its major interests in beer, wine and spirits which encompass Watney Mann, Truman's and IDV. A further addition to profits is expected by way of its incursion into the world of gambling with the opening of its Ritz casino.

Estimates are pitched around the £136m to £145m mark for the year to September 30, and compare well against last year's figure of £116m.

TODAY—Interim: Elliot (El), Howard Shuttering, Murray Northern Inv. Tr., Restmor Grp., Finals: Bett Bros., Clavhouse Inv. Tr., Jura Rubber Plantations, Kennings Estates and Kennings Motor Group.

TOMORROW—Interim: Diamond Stylus Group Investors, G. T. Japan Inv. Tr., Linton Holdings, and Wellman Eng. Finals: Gough Cooper, Kitchen (Robert) Taylor and S. G. R. Group.

WEDNESDAY—Interim: Allied Colloids, Amalgamated Tin Mines of Nigeria (Holdings), Gnome Photo, Products, Lestrass Int'l., Magnat and Southern, Stock Conversion Inv. Tr., Western Board MBLs, Finals: Albion, Countryside Prop., French (Thomas) and Sons, Stakis (Reo), Tate and Lyle, Trust House Forte, Udderston, Western Deep Level, TRIDAY—Interim: Low

THURSDAY—Interim: AGC Research, Br. Electrical Traction, Cook (Wm) and Sons Sheffield, Dixons, Gelfer (A. and J.), London and Moutrose Inv. Prop., Cines-Tel, Sayville (J.), Gordon, Eliza, Assoc. Paper Inds., and W. Berford Edg. term Int., Gestetner Hds., Reliant Motor Group, S. African Land and Exploration, Southval Hds., Vaal Reef Exp. and Invest., Western Deep Level, FRIDAY—Interim: Low

Inv. (quarterly), Property Security Inv. Tr., Raeburn Inv. Tr., Raybeck, Smith (David S.), Finals: Dewhurst and Partner, Utd. Guarantee Hds.

Michael Clark

## Two schools of thought on engineering recovery

No sector more readily splits the City down the middle than engineering. It is easy to see why. One school thinks that the heart of Britain's industry will revive; the other thinks it will collapse.

The catastrophe school has already had its say. Gingerly, but thoughtfully Mr. Rotherford Young of Carr Seabag ventures his own opinion. In mechanical engineering he points out that there is little chance of earnings recovering much "until towards the end of 1981 at the earliest".

The reasons are not far to seek. Engineering tends to depend on lame duck industries such as motor, aerospace, steel and shipbuilding, and Third World countries tend to enter industry in precisely these areas.

Here Mr. Young's argument becomes subtle. He writes: "While we also take a gloomy view about the prospects for the wellbeing of the mechanical engineering sector, we believe that adverse sentiment within the Stock Market has become so ingrained that a significant number of the shares we monitor have been sold down to

levels which imply a far greater contraction in their business than seems probable. So it is a time for nibbling leisurely even though the sector seems unlikely to perform before the end of the winter. His suggested buys are: Baker Perkins, Tube Investments (for income and recovery), Dobson Park, Pegler Hattersley, and Smiths Industries.

The speculative counters are Hestair and Serck; the suggested sales are Compair, Stone Platt and Vickers; Dowty is said to be fully valued.

Among engineering contractors, Mr. Young talks about the industrializing of underdeveloped countries. The long term buys are Davy and Capper Neill.

Mr. Young's rigour does not allow him to wax over metals and metal forming, or motor components. He advises only switches: into GKN from British Aluminium; out of Auto Rotors, and into Associated Engineering.

The author's verdict on Baker Perkins is "buy". The group returned sharply lower profits at the interim stage after hoping to do a bit better but despite this credibility gap Mr

Young asserts that Baker has sorted out its problems.

This cool view of Baker Perkins contrasts with the warm one from Henderson Crosswhite. Mr. R. N. Phillips, who argues that the shares are thoroughly undervalued. He adds: "You can perfectly happily buy Baker Perkins for an income fund and pay next

## Brokers' views

to nothing for the growth potential or for the fact that with a market capitalization of £28m it could well be on the odd shopping list."

The argument is that the steel strike will not last for ever; that the year to March 31 will not be "vintage"; that the group started October with a nice increase in order books; and that because the whole of this year's invoicing is covered from existing stocks: "We don't believe there will be any noticeable impact on profits from the steel strike until March—and then it will be small."

For the year pre-tax profits should be between £8.5m and £9.9m range and that even if 1980-81 is flat profits will be around £9.1m.

Meanwhile, Buckmaster & Moore has issued a directory of smaller electronic and electrical companies written by Messrs Peter Minton and Anthony Mulliner.

This far book draws together information on nearly 60 companies which usually passes investors by. It is however a directory, and not an investment guide. For that, one must "phone the broker, which is reasonable since few of the subjects have anything but narrow markets."

A more conventional look at electronics comes from Williams de Broe Hill Chaplin whose sector analysis is penned by Mr. S. J. T. Street. His list of recommendations has no buys at all. He does however have three hold/buys which are BICC, GEC and Plessey.

The author likes BICC for yield. He advocates GEC on the basis that pre-tax profits should reach £400m in the year to March 31 next, and Plessey on

the grounds that profits should show a big increase in 1980-81. Order books are said to be impressive.

The same broker has issued an investment plea for Rugby Portland Cement, this time from Mr. P. F. McDonnell. He thinks that Rugby will probably maintain profits at round £14.5m for last year and score a 40 per cent increase to £15.5m this year. High prices and better United Kingdom cement deliveries will probably take the credit.

From James Capel comes a recommendation for Thomas Tilling, penned by Mr. Ewan Fraser. The shares have been lagging, he argues, because of the year's spate of United States acquisitions, and the dumping of the rights issue shares with underwriters. It is suggested that pre-tax profits will have grown from 1978's £6.9m to £7.5m last year, and to £8.5m this year.

The same broker has a "buy" recommendation out for Lex Service Group (from Mr. Jeremy Smith), and for H. Bramer, again from Mr. Ewan Fraser.

Peter Wainwright

## Thomson's wins control of FP Publications

Thomson Newspapers has added eight daily newspapers to its Canadian holdings by winning control of Toronto-based FP Publications in a takeover battle with two other bidders.

Thomson bid C\$164.7m (about £61m) which was C\$1.5m more than the last offer from Montreal financier, R. Howard Webster. The battle, which started in early December, went on to the last deadline for the close of tenders. Mr. Webster, who already owned a substantial interest in FP Publications, upped an earlier offer from Thomson by C\$5m but Thomson responded by putting in the winning counter bid.

The victory means that Thomson will have newspapers in large Canadian cities. The 36 papers which the organization operates in Canada are all small town dailies, and daily circulation is now expected to reach 2.4 million.

The new papers include Toronto Globe and Mail, Ottawa Journal, Winnipeg Free Press, Vancouver Sun, Victoria Times, Victoria Colonist, Calgary Alberta and Leithbridge Herald.

## Amex buys credit card processor

American Express has acquired First Data Resources, an Omaha-based processor of credit and debit card transactions, for about \$50m (£22m) in cash, paid the next four years, plus additional amounts based on future earnings.

"The acquisition of First Data Resources will add important new services which complement those American Express has provided to the financial services industry for many years," said Mr. James D. Robinson III, chairman of the board of American Express.

"It is a logical and compatible step in our long-term objectives to broaden the range of services American Express can offer to financial institutions. First Data Resources is in the business of providing sophisticated data-based services and has shown a capacity during the past 10 years to be an innovative leader in this rapidly growing field."

First Data, one of the larger processors of credit and debit card accounts in the United States, offers data entry services, descriptive billing and mailing services, card embossing, authorization and security services.

Louis Edwards and Cordell Bleu, Shareholders of Louis C. Edwards, the Manchester meat retailer and processor, have been sent documents outlining the full acquisition details of Cordell Bleu and Furnish with a notice convening an EGM for January 23 to approve the acquisition of Cordell Bleu.

Dealing in Louis Edwards' shares suspended at the end of last year to complete the acquisition are expected to start on January 29, 1980.

The Cordell Bleu freezer centre acquisition is for a £2.65m shares and cash mix and private Cornish biscuit manufacturer, Furnish, is to be acquired for £480,000 cash.

Discussions over the proposed merger with Morgan Edwards are proceeding satisfactorily. It is hoped that a further announcement will be made about the time of the EGM.

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Talks to acquire Suffolk company

Negotiations have started between A. O. Smith of Milwaukee and Howard Machinery for the acquisition by A. O. Smith of Howard Machinery's 50 per cent share in Howard Harvestore, a Suffolk based company.

Howard Harvestore is a joint venture set up in 1969 by A. O. Smith and Howard to manufacture and market automated livestock feeding systems and storage units for industry outside North America.

The cash consideration, which is due to be fixed in the next three weeks, will put Howard Harvestore under direct control of Illinois-based A. O. Smith Harvestore Products. Management of the United Kingdom company will remain unchanged.

EMESS LIGHTING Dealings start on Monday in shares of EMESS Lighting. Requisition follows a placing by EMESS Lighting Co of an additional 424,000 ordinary shares at 80p each.

ANTOFAGASTA RAIL Offers by Turismo E. Inmobiliaria SA for Antofagasta (Chili) and Bolivia Railway Co have been closed. Turismo, together with parties acting in concert with it, controls 75.6 per cent of voting

rights of Antofagasta. Stock Exchange Council has indicated that listing of Antofagasta ordinary and preference stock may be maintained.

ROBERT H. LOWE Turnover for 53 weeks to Nov 2 up from £5.53m to £6.63m. Pre-tax profit, £423,000 (£498,000). Turnover down 3.11p, against equivalent of 3.24p.

BRITISH THEATRES Turnover of British Cinematograph Theatres rose from £1.44m to £1.71m in half-year to July 31. Pre-tax profit, £250,000 (£25,000).

MALLIN-DENNY Mullinson-Denny is to buy Keith Young (Insulation Supplies) for £1.5m in cash and shares.

PILKINGTON BROTHERS Pilkington Brothers has acquired Leishure Ltd, for £250,000 in shares. Leishure is an electronic systems for process control and data transmission.

RAINTLODGE Total of 50 per cent of Raintlodges capital is beneficially owned by family of Mr. Walter Raintlodges and remainder is owned by a group of non-resident clients of United Kingdom firm of solicitors. This group of clients are associates of Mr. Raintlodges, who is a Swiss industrialist and sole shareholder of Swiss metal works, Selve.

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14th January, 1980



## MARKET REPORTS

## Charterers hold back till market clarifies

The United States embargo on the sale of grain to Russia dominated all other events in the freight market last week. Confusion reigned in the dry cargo market with a black cloud of uncertainty hanging over business transactions resulting in charterers and owners holding back from committing tonnage until the picture becomes a little clearer.

The United States dockers' decision not to load grain even into ships already in port, is now subject to a court injunction. President Carter allowed to be shipped under the terms of the five-year agreement between the two countries but the 14m tonnes purchased by the Soviet Union and which the United States has now offered to buy back.

Support from other major grain producers to the ban has been forthcoming with the exception of Argentina. However, Argentina's surplus is small so this will leave a sizable gap in Russia's imports.

## Freight report

Having chartered in a substantial volume of tonnage to cover grain shipments with some vessels reportedly booked through till next summer, the USSR was making strong efforts to back-out of some of its commitments by claiming force majeure. However, owners with the prospect of immediate alternative remunerative employment were resisting such efforts.

The overall effect on the market of all these happenings was that rates declined. Charterers had the incentive to quote lower prices, but again owners were reluctant to accept any falls.

Grain rates slipped back to around \$2 while \$15 now being paid for large shippers from the United States Gulf to Holland.

David Robinson

## More share prices

The following will be added to the London and Regional Share Price List tomorrow and will be published daily in Business News.

Commercial & Industrial Glasgow Pavilion Ltd

## Bank Base Rates

ABN Bank	17%
Barclays Bank	17%
BCCI Bank	17%
Consolidated Crdts	17%
C. Hoare & Co	17%
Lloyds Bank	17%
London Mercantile	17%
Midland Bank	17%
Nat Westminster	17%
Russminster	17%
TSB	17%
Williams and Glyn's	17%

\* 7 days deposit on sums of £10,000 and over 15%, up to £25,000 15%.

## Wall Street

New York, Jan. 11. Stock prices ended mixed on Friday in trading that showed markedly from Thursday's pace during the afternoon.

The Dow Jones industrial average was down 0.43 to 856.53. It had been off five points in the afternoon and up nearly as much in the morning.

New York stock exchange volume was a healthy 52,890,000 shares, down from 55,980,000 on Thursday.

Analysts feel the market has been acting well recently and the downward, while partially because of the approach of the weekend, could also show the market had gone ahead of itself, one analyst said.

## Gold up \$44

New York, Jan. 11. Gold on the spot market surged to a record on Friday, ending at \$344.50.

The price of gold rose 44 cents to \$344.50, its highest level since 1973. The price of gold rose 44 cents to \$344.50, its highest level since 1973.

Because of transmission difficulties not all closing prices were available.

COPPER—Copper futures, March, 106.50; May, 107.50; July, 108.50; Sept, 109.50; Dec, 110.50; Feb, 111.50; Apr, 112.50; Jun, 113.50; Aug, 114.50; Oct, 115.50; Nov, 116.50; Jan, 117.50; Mar, 118.50; May, 119.50; Jul, 120.50; Sep, 121.50; Nov, 122.50; Dec, 123.50; Feb, 124.50; Apr, 125.50; Jun, 126.50; Aug, 127.50; Oct, 128.50; Nov, 129.50; Dec, 130.50; Jan, 131.50; Mar, 132.50; May, 133.50; Jul, 134.50; Sep, 135.50; Nov, 136.50; Dec, 137.50; Feb, 138.50; Apr, 139.50; Jun, 140.50; Aug, 141.50; Oct, 142.50; Nov, 143.50; Dec, 144.50; Jan, 145.50; Mar, 146.50; May, 147.50; Jul, 148.50; Sep, 149.50; Nov, 150.50; Dec, 151.50; Jan, 152.50; Mar, 153.50; May, 154.50; Jul, 155.50; Sep, 156.50; Nov, 157.50; Dec, 158.50; Jan, 159.50; Mar, 160.50; May, 161.50; Jul, 162.50; Sep, 163.50; Nov, 164.50; Dec, 165.50; Jan, 166.50; Mar, 167.50; May, 168.50; Jul, 169.50; Sep, 170.50; Nov, 171.50; Dec, 172.50; Jan, 173.50; Mar, 174.50; May, 175.50; Jul, 176.50; Sep, 177.50; Nov, 178.50; Dec, 179.50; Jan, 180.50; Mar, 181.50; May, 182.50; Jul, 183.50; Sep, 184.50; Nov, 185.50; Dec, 186.50; Jan, 187.50; Mar, 188.50; May, 189.50; Jul, 190.50; Sep, 191.50; Nov, 192.50; Dec, 193.50; Jan, 194.50; Mar, 195.50; May, 196.50; Jul, 197.50; Sep, 198.50; Nov, 199.50; Dec, 200.50; Jan, 201.50; Mar, 202.50; May, 203.50; Jul, 204.50; Sep, 205.50; Nov, 206.50; Dec, 207.50; Jan, 208.50; Mar, 209.50; May, 210.50; Jul, 211.50; Sep, 212.50; Nov, 213.50; Dec, 214.50; Jan, 215.50; Mar, 216.50; May, 217.50; Jul, 218.50; Sep, 219.50; Nov, 220.50; Dec, 221.50; Jan, 222.50; Mar, 223.50; May, 224.50; Jul, 225.50; Sep, 226.50; Nov, 227.50; Dec, 228.50; Jan, 229.50; Mar, 230.50; May, 231.50; Jul, 232.50; Sep, 233.50; Nov, 234.50; Dec, 235.50; Jan, 236.50; Mar, 237.50; May, 238.50; Jul, 239.50; Sep, 240.50; Nov, 241.50; Dec, 242.50; Jan, 243.50; Mar, 244.50; May, 245.50; Jul, 246.50; Sep, 247.50; Nov, 248.50; Dec, 249.50; Jan, 250.50; Mar, 251.50; May, 252.50; Jul, 253.50; Sep, 254.50; Nov, 255.50; Dec, 256.50; Jan, 257.50; Mar, 258.50; May, 259.50; Jul, 260.50; Sep, 261.50; Nov, 262.50; Dec, 263.50; Jan, 264.50; Mar, 265.50; May, 266.50; Jul, 267.50; Sep, 268.50; Nov, 269.50; Dec, 270.50; Jan, 271.50; Mar, 272.50; May, 273.50; Jul, 274.50; Sep, 275.50; Nov, 276.50; Dec, 277.50; Jan, 278.50; Mar, 279.50; May, 280.50; Jul, 281.50; Sep, 282.50; Nov, 283.50; Dec, 284.50; Jan, 285.50; Mar, 286.50; May, 287.50; Jul, 288.50; Sep, 289.50; Nov, 290.50; Dec, 291.50; Jan, 292.50; Mar, 293.50; May, 294.50; Jul, 295.50; Sep, 296.50; Nov, 297.50; Dec, 298.50; Jan, 299.50; Mar, 300.50; May, 301.50; Jul, 302.50; Sep, 303.50; Nov, 304.50; Dec, 305.50; Jan, 306.50; Mar, 307.50; May, 308.50; Jul, 309.50; Sep, 310.50; Nov, 311.50; Dec, 312.50; Jan, 313.50; Mar, 314.50; May, 315.50; Jul, 316.50; Sep, 317.50; Nov, 318.50; Dec, 319.50; Jan, 320.50; Mar, 321.50; May, 322.50; Jul, 323.50; Sep, 324.50; Nov, 325.50; Dec, 326.50; Jan, 327.50; Mar, 328.50; May, 329.50; Jul, 330.50; Sep, 331.50; Nov, 332.50; Dec, 333.50; Jan, 334.50; 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